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Southeast Asia

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Preface

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of the Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.

b. To condense the record and avoid repetition of needless details.

c. To preserve the confidence reposed in the Department by individuals and by foreign governments.

d. To avoid giving needless offense to other nationalities or individuals.

e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government.

The Center, in coordination with geographic bureaus of the Department of State, conducts communications with foreign governments regarding documents or information of those governments proposed for inclusion in *Foreign Relations* volumes.

John P. Glennon supervised preparation of this volume. Robert J. McMahon compiled the section on the Philippines. Harriet D. Schwar prepared the compilations on Burma and Indonesia, and Louis J. Smith those on Singapore and Malaya and on Thailand. David W. Mabon provided planning and direction for the volume and conducted the initial editorial review. Ms. Schwar and Vicki E. Futscher prepared the lists of sources, names, and abbreviations.

Ms. Futscher, Althea W. Robinson, and Rita M. Baker performed the technical editing. Typesetting and printing were monitored by Barbara A. Bacon of the Publishing Services Division (Paul M. Washington, Chief). Victoria L.V. Agee prepared the index.

William Z. Slany
The Historian
Bureau of Public Affairs

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1. *Indexed Central Files.* Papers in the indexed central files of the Department for the years 1955–1957 are indicated by a decimal file number in the first footnote. Among the most useful of these files in the preparation of this volume were 033.90B11, 100.4–OCB, 101.21–NIS, 102.202, 110.11–DU, 320, 460.509, 411.90B41, 411.9241, 411.9641, 456D.5–MSP, 601.56D11, 611.56, 611.56D4, 611.92, 611.96, 611.97, 656.56D13, 661.90B, 690B.00, 711.11–EI, 711.56392, 711.56396, 746F.00, 756D.00, 756D.5–MSP, 790B.00, 790B.13, 790B.5893, 792.00, 792.13, 792.5–MSP, 793.00, 796.00, 797.00, 890B.00, 890B.10, 890B.501, 892.10, and 897.14.

2. *Lot Files.* Documents from the central files have been supplemented by lot files of the Department, which are decentralized files created by operating areas. A list of the lot files used in or consulted for this volume follows:

Conference Files: Lot 59 D 95

Collection of documentation on official visits by ranking foreign officials, and on major international conferences attended by the Secretary of State for the years 1949–1955, as maintained by the Executive Secretariat.

Conference Files: Lot 60 D 627

Collection of documentation on visits to the United States by ranking foreign officials, and on major international conferences attended by the Secretary of State for the years 1953–1955, as maintained by the Executive Secretariat.

Conference Files: Lot 62 D 181

Collection of documentation on visits to the United States by ranking foreign officials, and on major conferences attended by the Secretary of State for the years 1956–1958, as maintained by the Executive Secretariat.

E/OFD Files: Lot 59 D 620

Files of the Office of International Financial and Development Affairs, Bureau of Economic Affairs, for the years 1954–1959.

FE Economic Files: Lot 58 D 209

Files maintained by the Deputy Assistant Secretary of State for Far Eastern Economic Affairs for the years 1954–1957.

FE Files: Lot 56 D 679

Files maintained by the Bureau of Far Eastern Affairs for the year 1955. Subjects included are country files, memoranda of conversation, and conference files.

FE Files: Lot 59 D 19

Files maintained by the Bureau of Far Eastern Affairs for the year 1957. Subfiles include country files and memoranda of conversation.

FE Conference Files: Lot 60 D 514

Files of conferences and meetings maintained by the Bureau of Far Eastern Affairs for the years 1956–1958.

FE Files: Lot 65 D 497

Miscellaneous Top Secret Files for the years 1957–1962, from the Office of Regional Affairs in the Bureau of Far Eastern Affairs.

INR Files: Lot 58 D 776

Subject and country files of the Bureau of Intelligence and Research and its predecessors, 1945–1957.

INR–NIE Files

Files retained by the Bureau of Intelligence and Research.

OCB Files: Lot 61 D 385

Master set of administrative and country files of the Operations Coordinating Board for the years 1953–1960, as maintained by the Operations Staff.

OCB Files: Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953–1960, as maintained by the Executive Secretariat.

PPS Files: Lot 66 D 70

Policy Planning Staff subject, country, and chronological files for the year 1955.

PPS Files: Lot 67 D 548

Policy Planning Staff subject, country and chronological files for the years 1957–1961.

Presidential Correspondence: Lot 64 D 174

Correspondence between President Eisenhower and heads of foreign governments for the years 1953–1960, as maintained by the Executive Secretariat.

Presidential Correspondence: Lot 66 D 204

Correspondence between the President and heads of foreign governments for the years 1953–1964, as maintained by the Executive Secretariat.

SEA Files: Lot 58 D 207

Consolidated files on Southeast Asia for the years 1949–1956, as maintained by the Office of Southeast Asian Affairs, Bureau of Far Eastern Affairs. (Combines 58 D 339 and 58 D 207)

SEA Files: Lot 58 D 726

Subject files of the Office of Southeast Asian Affairs for the years 1955–1956.

SEA Files: Lot 58 D 782

Economic subject files of the Office of Southeast Asian Affairs for the year 1956.

SEA Files: Lot 59 D 352

General Thailand files for the year 1956, as maintained by the Office of Southeast Asian Affirs.

SEA Files: Lot 59 D 369

General Thailand files for the year 1955, as maintained by the Office of Southeast Asian Affairs.

SEA Files: Lot 59 D 541

Economic subject files of the Office of Southeast Asian Affairs for the year 1957, with some materials from 1956.

SEA Files: Lot 59 D 612

Files maintained by the Burma desk in the Office of Southeast Asian Affairs for the years 1949–1957.

Secretary's Memoranda of Conversation: Lot 64 D 199

Chronological collection of the Secretary of State's memoranda of conversation for the years 1953–1960, as maintained by the Executive Secretariat.

Secretary's Staff Meetings: Lot 63 D 75

Chronological collection of the minutes of the Secretary's Staff Meetings during the years 1952–1960, as maintained by the Executive Secretariat.

SPA Files: Lot 58 D 312

Files of the Philippine desk in the Office of Southwest Pacific Affairs, Bureau of Far Eastern Affairs, for the year 1955, with some materials dating back as far as 1948.

SPA Files: Lot 61 D 26

Files of the Philippine desk in the Office of Southwest Pacific Affairs for the years 1956–1957.

SPA Files: Lot 63 D 51

Philippine files for the years 1942–1957, as maintained by the Office of Southwest Pacific Affairs.

S/P–NSC Files: Lot 62 D 1

Serial and subject master file of National Security Council documents and correspondence for the years 1948–1961, as maintained by the Policy Planning Staff.

S/S–NSC Files: Lot 63 D 351

Serial master file of National Security Council documents and correspondence, and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat.

S/S–NSC (Miscellaneous) Files: Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action, for the years 1947–1963, as maintained by the Executive Secretariat.

State–JCS Meetings: Lot 61 D 417

Top Secret records of meetings between the Joint Chiefs of Staff and representatives of the Department of State for the years 1951–1959 and selected problem files on the Middle East for the years 1954–1956, as maintained by the Executive Secretariat.

U/MSA Files: Lot 56 D 551

Subject files of the Special Assistant for Mutual Security Affairs, 1954–1956.

UNP Files: Lot 64 D 197

Files of the Office of United Nations Political and Security Affairs for the years 1946–1962, including memoranda, position papers, and United Nations documents.

Department of Defense

Department of Defense Files

Documents received by the Office of the Historian from the Department of Defense by request.

Dwight D. Eisenhower Library, Abilene, Kansas

Dulles Papers

Records of John Foster Dulles, 1952–1959.

Project "Clean Up"

Project "Clean Up" collection, including records of Gordon Gray, Robert Cutler, Henry R. McPhee, and Andrew J. Goodpaster, 1953–1961.

Special Assistant for National Security Affairs Records

Records of the Special Assistants (Robert Cutler, Dillon Anderson, and Gordon Gray), 1952–1961.

White House Central Files

Records of Dwight D. Eisenhower as President of the United States, 1953–1961. Documents cited in this volume are from the Confidential File within this collection.

Whitman File

Papers of Dwight D. Eisenhower as President of the United States, 1953–1961, maintained by his Personal Secretary, Ann C. Whitman. The Whitman File includes the following elements: the Name Series, the Dulles–Herter Series, Eisenhower Diaries, Ann Whitman (ACW) Diaries, National Security Council Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, Administration Series, and International File.

JCS Files

Documents received by the Office of the Historian from the Organization of the Joint Chiefs of Staff by request.

National Archives and Records Administration, Washington, D.C.

National Archives Record Group 218, Records of the Joint Chiefs of Staff and the Chairman of the Joint Chiefs of Staff

Washington National Records Center, Suitland, Maryland

1. *Agency for International Development (RG 286)* (includes files of predecessor agencies, the Foreign Operations Administration and the International Cooperation Administration):

FOA/ICA Files: FRC 56 A 632

General subject and country files of the Office of the Director for the years 1952–1955.

ICA Message Files: FRC 58 A 403

Telegrams, airgrams, and cables to and from all field missions from July 1, 1956, to June 30, 1957, as maintained by ICA headquarters in Washington.

2. *Department of Defense (RG 330):*

OASD/ISA Files

Records of the Office of Foreign Military Rights Affairs (FMRA). These files were used in preparation of the Philippines compilation.

OASD/ISA Files: FRC 60 A 1025

Files from the Office of the Assistant Secretary of Defense for International Security Affairs. These files were used in preparation of the Thailand compilation.

OASD/ISA Files: FRC 60 B 1339

Files from the Office of the Assistant Secretary of Defense for International Security Affairs. These files were used in preparation of the Thailand compilation.

3. *Department of State Mission Files (RG 84):*

Bangkok Embassy Files: FRC 68 A 5612

Lot 67 F 116: 1956–1961 classified and unclassified central subject files of the Embassy in Bangkok.

Manila Embassy Files: FRC 84–77–001

Lot 76 F 161: Classified files (through Secret) of the Embassy in Manila, including defense topics for the years 1947–1971, and political and economic files for the years 1959–1968.

List of Abbreviations and Symbols

A/FBO, Office of Foreign Buildings, Department of State
AA, Armistice Agreement; Asian-African
AAA, anti-aircraft artillery
AC/S, Assistant Chief of Staff (Army)
ACSI, Assistant Chief of Staff for Intelligence, Department of the Army
AEC, Atomic Energy Commission
AEDF, Asian Economic Development Fund
AFP, Armed Forces of the Philippines
AFPFL, Anti-Fascist People's Freedom League (Burmese political party)
ANZUS, Australia, New Zealand, United States
AP, Associated Press
ARAMCO, Arabian-American Oil Company
ARMA, Army Attaché
ARMATT, Army Attaché
AURI, Angkatan Udara Republic Indonesia (Indonesian Air Force)
BNA, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State
C, Counselor; Office of the Counselor, Department of State
C/S, Chief of Staff
CA, Office of Chinese Affairs, Department of State; Circular Airgram
CAT, Civil Air Transport
CT, California Texas Oil Company, Limited
CCPT, Chinese Communist Party in Thailand
CDPC, Community Development Program Commission (Philippines)
CE/CI, counter-espionage and counter-intelligence
CEB, Combined Economic Board
CF, Conference File
CG FEAF, Commanding General, Far Eastern Air Forces
CGAFFE/ARMYEIGHT, Commanding General, U.S. Forces in the Far East/ Eighth Army
ChiCom, Chinese Communist
CIA, Central Intelligence Agency
CIC, Counter-Intelligence Corps
CID, Criminal Investigation Division
CINCAFPAC, Commander in Chief, Army Forces, Pacific
CINCFE, Commander in Chief, Far East
CINCLANTFLT, Commander in Chief, Atlantic Fleet
CINCNELM, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean
CINCPAC, Commander in Chief, Pacific
CINCPACFLT, Commander in Chief, Pacific Fleet
CINCPACREPPHIL, Commander in Chief, Pacific's Representive in the Philippines
CINCUNC, Commander in Chief, United Nations Command
CINCUSARPAC, Commander in Chief, United States Army, Pacific
CIO, Congress of Industrial Organizations
COCOM, Coordinating Committee of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
COM13thAF, Commander, United States 13th Air Force

List of Abbreviations and Symbols

A/FBO, Office of Foreign Buildings, Department of State
AA, Armistice Agreement; Asian-African
AAA, anti-aircraft artillery
AC/S, Assistant Chief of Staff (Army)
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AP, Associated Press
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ARMA, Army Attaché
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BNA, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State
C, Counselor; Office of the Counselor, Department of State
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CINCLANTFLT, Commander in Chief, Atlantic Fleet
CINCNELM, Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean
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CINCUSARPAC, Commander in Chief, United States Army, Pacific
CIO, Congress of Industrial Organizations
COCOM, Coordinating Committee of the Paris Consultative Group of nations working to control export of strategic goods to Communist countries
COM13thAF, Commander, United States 13th Air Force

COMDT MARCORPS, Commandant, Marine Corps
COMFEAF, Commander, Far East Air Forces
COMNAVFE, Commander, United States Naval Forces in the Far East
COMNAVPHIL, Commander, United States Naval Forces in the Philippines
COMPHILCOM, Commander, United States Forces in the Philippines
COMSEVENTHFLT, Commander, U.S. Seventh Fleet
COMSIXTHFLT, Commander, U.S. Sixth Fleet
COMUS, Commander, United States Forces
cos, companies
CPR, Chinese People's Republic
CPT, Communist Party in Thailand
CX, U.S. Army telegram indicator
CY, Calendar Year
DA, Department of the Army; developmental assistance
DA IN, Department of the Army incoming telegram
DC, Diplomatic Corps
DCI, Director of Central Intelligence
DCM, Deputy Chief of Mission
DD, destroyer
DE, destroyer escort
Deptel, Department of State telegram
DFS, Direct Forces Support
DI, Darul Islam (House of Islam), Indonesian political movement
DMZ, Demilitarized Zone
DOD, Department of Defense
DRF, Division of Research for the Far East, Department of State
DS, defense support
Dulte, series indicator for telegrams from Secretary of State Dulles while away from Washington
DZ, Demilitarized Zone
E, Bureau of Economic Affairs, Department of State
E/OFD, Office of International Finance and Development Affairs, Bureau of Economic Affairs, Department of State
ECA, Economic Cooperation Administration
ECM, electronic countermeasures
Emb, Embassy
Embtel, Embassy telegram
EUR, Bureau of European Affairs, Department of State
EX-IM, Export-Import Bank
FBIS, Foreign Broadcast Information Service
FCN, Friendship, Commerce and Navigation (Treaty)
FE, Far East; Bureau of Far Eastern Affairs, Department of State
FE/EX, Office of the Executive Director, Bureau of Far Eastern Affairs, Department of State
FEC, Far East Command
finec, financial and economic
FMRA, Office of Foreign Military Rights Affairs, Office of the Assistant Secretary of Defense for International Security Affairs
FN, Division of Financial Affairs, Department of State
FOA, Foreign Operations Administration
f.o.b., free on board
FonMin, Foreign Minister
FY, Fiscal Year
FYI, for your information
G, Office of the Deputy Under Secretary of State; after 1955, the Deputy Under Secretary of State for Political Affairs
GA, General Assembly
GNP, gross national product
GPF, Gendarmérie Patrol Force (Thailand)
GSC, General Staff Corps
GUB, Government of the Union of Burma
H, Office of the Assistant Secretary of State for Congressional Relations
HICOM, High Commissioner
HM, His/Her Majesty
HMG, His/Her Majesty's Government
Holto, series indicator for telegrams sent to the International Cooperation Administration from the Director, John B. Hollister
HQ FEC, Headquarters, Far East Command
HRH, His/Her Royal Highness
IAC, Intelligence Advisory Committee
IBRD, International Bank for Reconstruction and Development
ICA, International Cooperation Administration

Icato, series indicator for telegrams originating with the International Cooperation Administration
ICC, International Control Commission
ICFTU, International Confederation of Free Trade Unions
ICJ, International Court of Justice
IMF, International Monetary Fund
INR, Bureau of Intelligence and Research, Department of State
INS, International News Service
IO, Bureau of International Organization Affairs, Department of State
IPKI, Ikatan Pendukung Kemerdekaan Indonesia (League of Upholders of Indonesian Independence)
ISA, Office of the Assistant Secretary of Defense for International Security Affairs
ITR, Office of International Trade and Resources, Department of State
JCS, Joint Chiefs of Staff
JIC, Joint Intelligence Committee
JUSMAG, Joint United States Military Advisory Group
JUSMAGPHIL, Joint United States Military Advisory Group in the Philippines
KM, kilometers
KMT, Kuomintang (Nationalist Party), Republic of China
KNDO, Karen National Defense Organization (Burma)
KPM, Koninklijke Paketvaart Maatschappij, Dutch-owned interinsular shipping company in Indonesia
L, Office of the Legal Adviser, Department of State
L/E, Office of the Assistant Adviser for Economic Affairs, Department of State
L/FE, Office of the Assistant Legal Adviser for Far Eastern Affairs, Department of State
LPM, Labor Party of Malaya
LSM, landing ship, medium
LST, landing ship, tank
L/UNA, Office of the Assistant Legal Adviser for United Nations Affairs, Department of State
MAAG, Military Assistance Advisory Group
MAP, Military Assistance Program
Masjumi, Madjelis Sjuro Muslimin Indonesia (Council of the Indonesian Moslem Association)
MBA, Military Bases Agreement
MC, Office of Munitions Control, Department of State
MCP, Malayan Communist Party
MDA, Mutual Defense Assistance; Agreement
MDAP, Mutual Defense Assistance Program
MDT, Mutual Defense Treaty
Memcon, Memorandum of conversation
MIG, Soviet fighter aircraft
MILBA, Military Bases Agreement
MIT, Military Inspection Team
MLG, Manila Liaison Group
MNP, Ministry of National Planning
MP, Member of Parliament
MRLA, Malayan Races Liberation Army
MSA, Mutual Security Act; Mutual Security Assistance
msg, message
MSP, Mutual Security Program
MTUC, Malayan Trade Union Council
mytel, my telegram
NA, Office of Northeast Asian Affairs, Department of State
NAC, North Atlantic Council
NATO, North Atlantic Treaty Organization
NEC, National Economic Council (Philippines)
Niact, Night Action, communications indicator requiring attention by the recipient at any hour of the day or night
NIE, National Intelligence Estimate
Noforn, no foreign dissemination
NP, Nacionalista (Nationalist) Party of the Philippines
NP, National Police
NSC, National Security Council
NU, Nahdatul Ulama (Association of Orthodox Muslims), Indonesia
NUF, National United Front (Burma)
NUPW, National Union of Plantation Workers (Malaya)
OASD/ISA, Office of the Assistant Secretary of Defense (International Security Affairs)
OCB, Operations Coordinating Board
OFMA, Office of Foreign Military Assistance, Office of the Assistant

Secretary of Defense for International Security Affairs
ONI, Office of Naval Intelligence, Department of the Navy
OPO, Outline Plan of Operations
OSD, Office of the Secretary of Defense
OSD/ISA, Office of the Assistant Secretary of Defense for International Security Affairs
OVMAAT, Overseas Vietnamese Mutual Assistance Association of Thailand
P, Bureau of Public Affairs, Department of State
PA, Program Authorization
PACAF, United States Pacific Air Force
PACFLT, United States Pacific Fleet
PAO, public affairs officer
PAP, People's Action Party
Parkindo, Partai Kristen Indonesia (Indonesian Christian Party)
PCH&T, packing, crating, handling, and transportation
PERBEPSI, Persatuan Bekas Pedjuang Bersendjata Seluruh Indonesia (All-Indonesian Association of Former Armed Fighters)
PKI, Partai Kommunist Indonesia (Indonesian Communist Party)
PL, Public Law
PM, Prime Minister
PNI, Partai Nasional Indonesia (Indonesian Nationalist Party)
POL, petroleum, oil, and lubricants
POLAD, Political Adviser
Polto, series indicator for telegrams from the United States Permanent Representative to the North Atlantic Council
PriMin, Prime Minister
PROAG, Project Agreements
PSA, Office of Philippine and Southeast Asian Affairs, Department of State
PSB, Psychological Strategy Board
PSI, Partai Sosialis Indonesia (Indonesian Socialist Party)
PSII, Partai Sarekat Islam Indonesia (Islamic Association Party of Indonesia)
PTN, Philippine Trade Negotiations
R, Office of the Special Assistant for Intelligence, Department of State
RA, Office of European Regional Affairs, Bureau of European Affairs, Department of State
RCT, regimental combat team
reftel, reference telegram
RI, Republic of Indonesia
RMS, Republik Maluku Selatan (Republic of the South Moluccas)
RTA, Round Table Conference Agreement
RTC, Round Table Conference
RUSI, Republic of the United States of Indonesia
S/AE, Office of the Special Assistant to the Secretary of State for Atomic Energy Affairs
S/MSA, Office of the Special Assistant to the Secretary of State for Mutual Security Affairs
S/P, Policy Planning Staff, Department of State
S/S, Executive Secretariat, Department of State
S/S–PR, Protocol Staff, Executive Secretariat, Department of State
SC, submarine chaser
SEA, Southeast Asia; Office of Southeast Asian Affairs, Department of State
SEACDT, Southeast Asian Collective Defense Treaty
SEATO, Southeast Asia Treaty Organization
Secto, series indicator for telegrams from the Secretary of State (or his delegation) at international conferences
Secun, series indicator for telegrams from the Under Secretary of State
SNIE, Special National Intelligence Estimate
SOBSI, Sentral Organiasi Buruh Seluruh Indonesia (Central Organization of All Indonesian Labor)
SOF, status of forces
SPA, Office of Southwest Pacific Affairs, Department of State
SV, Standard-Vacuum Oil Company
STUC, Singapore Trades Union Congress
T/E, table of equipment
TC, United Nations Trusteeship Council
TCA, Technical Cooperation Administration
TDY, temporary duty
Tedul, series indicator for telegrams to Secretary of State Dulles while away from Washington
TG, Thai Government
TO&E, Table of Organization and Equipment

Tofoa, series indicator for telegrams to the Foreign Operations Administration
Toicz, series indicator for telegrams to the International Cooperation Administration
Tosec, series indicator for telegrams to the Secretary of State (or his delegation) at international conferences
Tousfo, series indicator for telegrams and airgrams to the Foreign Operations Administration from missions abroad
TRC, Office of Transport and Communications, Department of State
TUC, Trades Union Congress (Singapore)
U, Office of the Under Secretary of State
U/MSA, Office of the Special Assistant for Mutual Security Affairs to the Under Secretary of State
UK, United Kingdom
UK FE JIC, United Kingdom Far East Joint Intelligence Committee
UN, United Nations
UNC, United Nations Command
UNCI, United Nations Commission for Indonesia
UNEF, United Nations Emergency Force
UNGA, United Nations General Assembly
UNP, Office of United Nations Political and Security Affairs, Department of State
UP, United Press
urtel, your telegram
USA, United States Army
USAF, United States Air Force
USARMA, United States Army Attaché
USARPAC, United States Army, Pacific Command
USIA, United States Information Agency
USIS, United States Information Service
USN, United States Navy
USOM, United States Operations Mission
USRO, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations
USSR, Union of Soviet Socialist Republics
UST, United States Treaties Series
USUN, United States Mission at the United Nations; also series indicator for telegrams from the United States Mission
UW, unconventional warfare
VDC, Volunteer Defense Corps
VFR, visual flight rules
VOA, Voice of America
W, Office of the Deputy Under Secretary of State for Economic Affairs
WE, Office of Western European Affairs, Bureau of European Affairs, Department of State
YE, Your Excellency

List of Persons

Abdul Rahman, Tengku, Chief Minister, Federation of Malaya to August 1957; thereafter Prime Minister

Abdulgani, Roeslan, Secretary General of the Indonesian Foreign Office to March 1956; Foreign Minister, March 1956–March 1957

Acly, R. Austin, Counselor of Embassy in Burma until June 1955

Agung, Anak Agung Gde, Indonesian Foreign Minister, August 1955–March 1956

Ali Sastroamidjojo, Indonesian Prime Minister to August 1955 and March 1956–March 1957

Allison, John M., Ambassador to Japan to February 1957; Ambassador to Indonesia from March 1957

Anderson, Dillon, Special Assistant to the President for National Security Affairs, April 1955–September 1956; White House Consultant from June 1957

Anschuetz, Norbert, Counselor of Embassy in Thailand, August 1955–August 1956

Armstrong, W. Park, Special Assistant for Intelligence, Department of State, to May 1957

Ba Swe, Burmese Defense Minister to June 1956; Prime Minister and Minister of Defense and National Planning, June 1956–February 1957; Deputy Prime Minister and Minister of Defense and National Planning from March 1957

Ba U, President of Burma to March 1957

Baird, James C., Jr., Director of the Foreign Operations Administration (later International Cooperation Administration) mission in Indonesia from January 1956

Baldwin, Charles F., Deputy Assistant Secretary of State for Far Eastern Economic Affairs to July 1955

Barbour, Walworth, Deputy Assistant Secretary of State for European Affairs to November 1955

Barnes, Robert G., Director, Executive Secretariat, Department of State, August 1955–March 1956; thereafter Special Assistant to the Under Secretary of State for Mutual Security Affairs

Barrington, James, Burmese Ambassador to the United States to November 1955; Permament Secretary, Burmese Foreign Office, 1956–1957

Becker, Loftus E., Legal Adviser of the Department of State from June 1957

Bell, James D., Deputy Director of the Office of Philippine and Southeast Asian Affairs, Department of State, July 1955–March 1956; Director of the Office of Southwest Pacific Affairs, March 1956–April 1957; Counselor of Embassy in Indonesia, April–December 1957

Bendetsen, Karl R., Special Representative to the Republic of the Philippines and Special Assistant to the Secretary of Defense for Philippine Affairs, July–December 1956

Benson, Ezra Taft, Secretary of Agriculture
Bishop, Max W., Ambassador in Thailand from January 1956
Black, Eugene R., President, International Bank for Reconstruction and Development
Bohlen, Charles E., Ambassador to the Philippines from June 1957
Braddock, Daniel M., Counselor of Embassy in Burma, July 1955–September 1957
Bulganin, Nikolai Aleksandrovich, Soviet Minister of Armed Forces until February 1955; thereafter Chairman of the Council of Ministers and member of the Presidium of the Communist Party of the Soviet Union
Burhannuddin Harahap, Indonesian Prime Minister, August 1955–March 1956
Burke, Adm. Arleigh A., USN, Chief of Naval Operations from August 1955
Bushner, Rolland H., Officer in Charge of Thai Affairs, Department of State, from April 1956
Butterworth, W. Walton, Minister of the Embassy in the United Kingdom
Byington, Homer M., Jr., Ambassador to Malaya from December 1957

Cabell, Lt. Gen. Charles P., USAF, Deputy Director of Central Intelligence
Casey, Richard G., Australian Minister for External Affairs
Chiang Kai-shek, Generalissimo, President of the Republic of China
Chou En-lai, Premier and Foreign Minister of the People's Republic of China
Cumming, Hugh S., Jr., Ambassador to Indonesia to March 1957; Special Assistant for Intelligence, Department of State, May–October 1957; thereafter Director of the Bureau of Intelligence and Research, Department of State
Cuthell, David C., Officer in Charge of Philippine Affairs, Department of State, to December 1956
Cutler, Robert, Special Assistant to the President for National Security Affairs to April 1955 and from January 1957

Dillon, C. Douglas, Ambassador to France to January 1957; Deputy Under Secretary of State for Economic Affairs from March 1957
Djuanda Kartawidjaja, Director General of the Indonesian National Planning Bureau to March 1956; Minister of State for Planning, March 1956–March 1957; Prime Minister from April 1957
Dodge, Joseph M., Special Assistant to the President and Chairman, Council on Foreign Economic Policy, to July 1956
Dulles, Allen W., Director of Central Intelligence
Dulles, John Foster, Secretary of State
Durbrow, Elbridge, Minister and Consul General at Singapore, October 1955–March 1957; Ambassador to Vietnam from April 1957

Eden, Anthony, British Secretary of State for Foreign Affairs and Deputy Prime Minister to April 1955; Prime Minister and First Lord of the Treasury, April 1955–January 1957
Eisenhower, Dwight D., President of the United States
Elbrick, C. Burke, Deputy Assistant Secretary of State for European Affairs to February 1957; thereafter Assistant Secretary of State for European Affairs
Erskine, Gen. Graves B. (USMC, retired), Assistant to the Secretary of Defense for Special Operations

Ferguson, Homer, Ambassador to the Philippines, April 1955–March 1956
FitzGerald, Dennis A., Deputy Director for Operations, International Cooperation Administration
Flemming, Arthur S., Director, Office of Defense Mobilization, to February 1957
Foster, Rockwood H., Office of Philippine and Southeast Asian Affairs, Bureau of Far Eastern Affairs, Department of State

Garcia, Carlos P., Philippine Vice President and Foreign Secretary to March 1957; thereafter President
Gleason, S. Everett, Deputy Executive Secretary of the National Security Council
Goodpaster, Col. Andrew J. (Brig. Gen. from January 1957), Staff Secretary to President Eisenhower
Gray, Gordon, Assistant Secretary of Defense for International Security Affairs, July 1955–February 1957

Hammarskjöld, Dag, Secretary-General of the United Nations
Harahap, *see* Burhanuddin
Haring, Philip E., Officer in Charge of Indonesian and Pacific Island Affairs, Department of State, to July 1956
Hatta, Mohammad, Vice President of Indonesia to December 1956
Hensel, H. Struve, Assistant Secretary of Defense for International Security Affairs to July 1955
Herter, Christian A., Consultant to the Secretary of State, January-February 1957; thereafter Under Secretary of State
Hkun Hkio, Sao, Burmese Foreign Minister
Hollister, John B., Consultant to the Secretary of State, May 2, 1955–July 1, 1955; Director, International Cooperation Administration, July 1, 1955–August 18, 1957
Hoover, Herbert, Jr., Under Secretary of State to February 1957
Howe, Fisher, Director of the Executive Secretariat, Department of State, from March 1956
Humphrey, George M., Secretary of the Treasury, January 1955–July 1957

Jones, Howard P., Chief of the Foreign Operations Administration Mission in Indonesia and Counselor of Embassy to July 1955; Deputy Assistant Secretary of State for Far Eastern Economic Affairs, February 1956–April 1957; thereafter Deputy Assistant Secretary of State for Far Eastern Affairs

Khrushchev, Nikita Sergeyevich, First Secretary of the Central Committee of the Communist Party of the Soviet Union
Kyaw Nyein, U, Burmese Minister for Industries to June 1956; thereafter Minister for the National Economy

Lay, James S., Jr., Executive Secretary of the National Security Council
Lim Yew Hock, Chief Minister of Singapore from June 1956
Lloyd, Selwyn, British Defense Minister, April–December 1955; thereafter Secretary of State for Foreign Affairs
Lodge, Henry Cabot, Representative at the United Nations
Luns, Joseph, Netherlands Foreign Minister

MacArthur, Douglas II, Counselor of the Department of State to December 1956; Ambassador to Japan from February 1957
McCaffery, Richard S., Counselor for International Cooperation at the Embassy in Burma from May 1957
McConaughy, Walter P., Director of the Office of Chinese Affairs, Department of State, to May 1957; Ambassador to Burma from August 1957
Macmillan, Harold, British Defense Minister to April 1955; Secretary of State for Foreign Affairs, April–December 1955; Chancellor of the Exchequer, December 1955–January 1957; thereafter Prime Minister and First Lord of the Treasury
Magsaysay, Ramon, President of Philippines to March 1957
Marshall, David, Chief Minister of Singapore to June 1956
Matthews, H. Freeman, Ambassador to the Netherlands to June 1957; Ambassador to Austria from September 1957

Mein, John Gordon, First Secretary of the Embassy in Indonesia to May 1955; Counselor of Embassy, May 1955–July 1956; Deputy Director of the Office of Southwest Pacific Affairs, Department of State, July 1956–May 1957; thereafter Director of that office
Menzies, Robert Gordon, Australian Prime Minister
Merchant, Livingston T., Assistant Secretary of State for European Affairs to May 1956; thereafter Ambassador to Canada
Moekarto Notowidigdo, Indonesian Ambassador to the United States
Moyer, Raymond T., Regional Director for Far East, Foreign Operations Administration
Murphy, Robert, Deputy Under Secretary of State for Political Affairs

Nasution, Maj. Gen. Abdul Haris, Indonesian Army Chief of Staff from October 1955
Natsir, Mohammad, Chairman of the Indonesian Masjumi Executive Council
Ne Win, Lt. Gen., Supreme Commander, Burmese Armed Forces
Nehru, Jawaharlal, Prime Minister of India and Minister for External Affairs and Commonwealth Relations
Nixon, Richard M., Vice President of the United States
Nu, U, Prime Minister of Burma to June 1956 and from March 1957
Nufer, Albert F., Ambassador to the Philippines, July–November 1956

Peurifoy, John E., Ambassador to Thailand to August 1955
Phao Sriyanon, Gen., Director General of the Thai Police to September 1957
Phibun Songkhram, *see* Pibulsonggram
Phleger, Herman, Legal Adviser of the Department of State to April 1957
Pibulsonggram, Field Marshal P., Thai Prime Minister and Minister of Defense to September 1957
Prochnow, Herbert V., Deputy Under Secretary of State for Economic Affairs, November 1955–November 1956
Purnell, Lewis M., Officer in Charge of Burma Affairs, Department of State, from April 1955

Quarles, Donald A., Deputy Secretary of Defense from May 1957

Radford, Admiral Arthur W., USN, Chairman of the Joint Chiefs of Staff to August 1957
Raschid, M.A., Burmese Trade Development Minister to June 1956; Minister of Mines, June 1956–September 1957
Reinhardt, G. Frederick, Ambassador to Vietnam to February 1957; Counselor of the Department of State from March 1957
Richards, James P., Representative from South Carolina and Chairman of the House Committee on Foreign Affairs to January 1957; thereafter Special Assistant to the President
Roberston, Reuben B., Jr., Deputy Secretary of Defense, August 1955–April 1957
Robertson, Walter S., Assistant Secretary of State for Far Eastern Affairs
Roeslan Abdulgani, *see* Abdulgani
Romulo, Gen. Carlos P., Philippine Ambassador to the United States from November 1955

Sarasin, Pote, Thai Ambassador to the United States to July 1957; Secretary-General of the Southeast Asia Treaty Organization, July–September 1957; Prime Minister, September–December 1957
Sarit Thanarat, Field Marshal, Commander in Chief of the Thai Army
Satterthwaite, Joseph C., Ambassador to Burma, May 1955–April 1957

Sebald, William J., Deputy Assistant Secretary of State for Far Eastern Affairs to March 1957; Ambassador to Australia from June 1957
Sessions, Edson O., Director of the U.S. Operations Mission in Thailand
Smith, Horace H., Counselor of Embassy in the Philippines from August 1956
Spender, Sir Percy, Australian Ambassador to the United States
Spruance, Adm. Raymond A., Ambassador to the Philippines to April 1955
Stassen, Harold E., Director, Foreign Operations Administration, to June 1955
Streibert, Theodore C., Director, U.S. Information Agency, to December 1956
Stump, Adm. Felix B., USN, Commander in Chief, Pacific Command and Commander in Chief, Pacific Fleet
Subandrio, Secretary General of the Indonesian Foreign Ministry, 1956–April 1957; thereafter Foreign Minister
Sukarno, President of Indonesia
Sumitro Djojohadikusumo, Indonesian Finance Minister, August 1955–March 1956
Sunario, Indonesian Foreign Minister until August 1955

Twining, Nathan F., USAF, Chief of Staff, U.S. Air Force

van Roijen, J.H., Netherlands Ambassador to the United States

Walker, William, Counselor of Embassy in the Philippines from October 1955
Wan Waithayakon Krommun Naradhip Bongsprabandh, Prince, Thai Foreign Minister and Representative at the United Nations
Waugh, Samuel C., Assistant Secretary of State for Economic Affairs until August 1955; Deputy Under Secretary of State for Economic Affairs, August–October 1955; President of the Export-Import Bank from October 1955
Wilcox, Francis O., Assistant Secretary of State for International Organization Affairs from September 1955
Wilson, Charles E., Secretary of Defense to October 1957
Win, U, Burmese Ambassador to the United States from December 1955

Young, Kenneth T., Director of the Office of Philippine and Southeast Asian Affairs to March 1956; thereafter Director of the Office of Southeast Asian Affairs
Young, Philip, Ambassador to the Netherlands from June 1957

Burma

UNITED STATES POLITICAL AND ECONOMIC RELATIONS WITH BURMA[1]

1. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[2]

Washington, February 12, 1955.

SUBJECT

Official Visits 1955: Prime Minister U Nu of Burma

Discussion:

On January 4 I recommended that a 1955 visit for U Nu be approved provided no "peacemaker mission" were involved.[3] You instructed that I explore with Ambassador Barrington the "peacemaker" aspect of this visit without giving any commitment for an invitation (Tab B).[4] . . .

It has been agreed that you would handle the problem upon meeting U Nu in Rangoon (Tab C).[5] In past weeks U Nu has made various remarks indicating he realized he would not be acceptable in the announced role of peacemaker but would still like to visit the United States. In late January U Nu told an American businessman he planned to visit Yugoslavia in June and had hoped to work in a U.S. trip at that time.

S/S–PR reports that the official visit schedule is now clear from June on.

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[1]For previous documentation on U.S. relations with Burma, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, pp. 1 ff.

[2]Source: Department of State, Central Files, 033.90B11/2–1255. Confidential.

[3]Robertson's recommendation was made in a memorandum of January 4 to Dulles. (*Ibid.*, 033.90B11/1–455) Following a visit to the People's Republic of China in December 1954, U Nu had expressed interest in visiting the United States in the hope of furthering better understanding between the United States and the People's Republic of China.

[4]Tab B, not attached to the source text, presumably was Robertson's January 4 memorandum and a memorandum of January 11 from O'Connor conveying Dulles' instruction. (*Ibid.*, 033.90B11/1–1155)

[5]Tab C was not attached to the source text and is not further identified. Dulles visited Burma and several other Southeast Asian countries after attending a meeting of the Council of the Southeast Asia Treaty Organization in Bangkok, February 22–26.

It would be possible for you, at Rangoon, to invite U Nu indefinitely for a date to be fixed later. However I feel that a more positive gesture is needed to save face. The best and surest way to ease the atmosphere, and incidentally to contribute substantially to the success of the Rangoon visit, would be for you to mention a specific date, with June as first choice or later if Nu prefers. The basis would be to continue the friendly contact established at Rangoon, to further mutual understanding and give Nu a chance to know the U.S. at firsthand.

If you approve, and the President agrees in principle, a tentative luncheon reservation should be requested of the White House, to be confirmed once Nu has indicated his wishes.

Recommendation:

That you approve the inviting of U Nu to Washington on the above basis and that you sign the attached memorandum to the President (Tab A).[6]

[6]The attached memorandum requested the President's approval of an invitation to U Nu to visit Washington for 2 or 3 days in June; it was initialed by Dulles on February 14 and by the President, indicating his approval, the same day.

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2. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, February 18, 1955—8 p.m.

751. Re Deptel 597.[2] Saw Kyaw Nyein 17th and outlined arms proposal for preliminary reaction. He was unable express any opinion on feasibility of plan without first consulting General Ne Win who now in Interior and presumably other top leaders but expects Ne Win return within few days and promised preliminary reactions within week.

In course conversation he expressed some personal views that indicate probable GUB reaction. Said that politically impossible for

[1]Source: Department of State, Central Files, 790B.5–MSP/2–1855. Secret.

[2]Telegram 597 to Rangoon, February 11, instructed Acly to informally sound out Burmese Minister for Industries U Kyaw Nyein as to whether the Burmese Government was interested in a U.S. proposal to supply arms to Burma through a combination of Burmese purchases at regular prices and U.S. grant aid. (*Ibid.*, 790B.5–MSP/2–955) The proposal had been developed following U Kyaw Nyein's inquiry in July 1954 whether the United States could provide arms to Burma at a "very reasonable price"; see telegram 42 in *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 232.

Burma accept arms from US if publicly known to involve gift. Therefore believe proposal will not be acceptable if publicity required either Burma or US. Aside from publicity Kyaw Nyein appeared personally sympathetic to proposal. Strongly recommend we be prepared abandon requirement publicity and handle grant aid aspect on strictly confidential basis.

Kyaw Nyein said GUB still in serious need military equipment in order strengthen armed services and prepare for enlargement thru National Service Program next year. Spoke very highly of American equipment.

Recommendations re informing British will be made when reactions received.

February 4 letter to Kyaw Nyein[3] excellent and should be used.[4]

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[3]Reference is to a letter from Sebald to U Kyaw Nyein explaining the U.S. proposal; it was pouched to the Embassy in Rangoon on February 4, but there is no record that it was ever given to Kyaw Nyein. (Department of State, FE Files: Lot 56 D 679, N)

[4]Telegram not signed.

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3. Telegram From the Secretary of State to the Department of State[1]

Vientiane, February 27, 1955—6 p.m.

Dulte 16. Eyes only Acting Secretary from Secretary. For President.

"Dear Mr. President:

"Have had useful twenty-four hours at Rangoon[2] with ample opportunity to have a good personal discussion with U Nu. We exchanged views regarding Soviet internal situation, which U Nu interprets as essentially army coup. I then made full presentation our China position which Foreign Minister later told me he thought had been very valuable in educating them and dissipating some false conceptions. However, U Nu continues to urge admission of Communist China to United Nations as immediate step, following which he says he hopes Chinese Communists would behave.

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[1]Source: Department of State, Central Files, 110.11–DU/2–2755. Top Secret; Priority. Another copy of this telegram in Eisenhower's files bears a notation in Goodpaster's handwriting that the President saw it. (Eisenhower Library, Whitman File, Dulles-Herter Series)

[2]February 26–27.

"Private talks with President[3] indicate he has much more realistic view of Communist purposes and danger therefrom, but he has only minor influence as elder statesman without political authority.

"US position and influence badly shaken by our rice disposal program which has left Burma with about 20 percent of its crop unsold. This has forced them to deal with Soviet Union virtually on latter's own terms and has given Soviet Union opportunity to claim that it came to Burma's relief after US dealt its economy a crippling blow.[4]

"I transmitted your invitation that U Nu visit Washington in June. Believe probable he will accept. In any event he was very appreciative of invitation.

"U Nu, as well as Foreign Minister,[5] came to airport to see me off, and there was much more cordiality then than on my arrival when atmosphere seemed somewhat strained. Faithfully yours, Foster.

"P.S. Our arrival Vientiane delayed by water buffalo on runway."

Dulles

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[3]Ba U.

[4]A memorandum of February 28 from Goodpaster to Secretary of Agriculture Ezra Taft Benson included a paraphase of this paragraph and reported that it was an extract of a report received by the President and sent at his request. (Eisenhower Library, White House Central Files, Confidential File)

[5]Sao Hkun Hkio.

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4. Letter From the Secretary of Agriculture (Benson) to the President[1]

Washington, March 18, 1955.

DEAR MR. PRESIDENT: The apprehension of the Burmese Government in regard to surplus disposal programs of the United States involving agricultural products and particularly rice appears to be unfounded. The United States has not sold any rice this year to Japan under any subsidized arrangement although some rice is included in the Public Law 480 program.

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[1]Source: Department of State, Central Files, 411.90B41/3–2255. Top Secret. Sent to Dulles under a covering memorandum of March 22 from Goodpaster stating that the letter was being referred to him at the President's request for any comment he might wish to make.

However, the Japanese Government has not signed the agreement[2] as yet and therefore no rice has moved under such authority. Japan has purchased from commercial sources in the United States upwards of 100,000 tons at $160 a ton f.o.b. West Coast ports. Current sales of Burmese rice in world markets have been at about $137 a ton f.o.b. Burmese ports. There is no evidence therefore, in our commercial transactions that there has been any under selling of Burmese rice. Moreover, the sales of United States rice referred to were entirely of a variety that is not produced in Burma.

When negotiations leading to the tentative Public Law 480 program with the Japanese were in progress, it was discussed and agreed to that normal marketings would be undertaken with both Burma and Thailand. This the Japanese have carried out and contracts have been entered into for 1955 with both Thailand and Burma. Actual shipments are going forward from Burma to Japan at the present time amounting to 200,000 tons.

Quite contrary to the reported statements derogatory to the United States, the Burmese Government has since the conclusion of World War II been materially assisted in many ways in meeting her rice problems. It is believed that our domestic rice production is not in direct competition to Burmese supplies in the world market.

Sincerely yours,

E.T. Benson

[2]Signed at Tokyo on May 3; for text, see 6 UST 2119.

5. Editorial Note

A draft memorandum from Dulles to the President, prepared in the Bureau of Far Eastern Affairs, stated that the Burmese Government was deeply concerned, not with past United States rice sales, but with the anticipated sale of United States rice under Public Law 480 terms in Asia and that U Nu had mentioned this to him "in most urgent terms" in Rangoon. It also expressed the hope that the Burmese could be assured that the United States Government had no intention of making concessional sales, which would have the effect of depriving Burma of its normal markets. (Filed with a memorandum of March 24 from Sebald to the Secretary; Department of State, Central Files, 411.90B41/3–2455) The draft memorandum was not sent to the President; a memorandum of April 4 from E.V. McAuliffe of the Executive Secretariat to Robertson's Staff Assistant Harold N. Wad-

dell stated that, according to Dulles' Special Assistant John W. Hanes, Jr., the Secretary did not think it wise simply to provide the President with background information; if the Departments of State and Agriculture were in disagreement, every effort should be made to resolve it in discussions between the two Departments before going to the President with a recommendation. (*Ibid.*, 411.90B41/4–455) A memorandum of April 11 from Waugh to the Secretary reported that "numerous efforts" to resolve the problem between the two Departments had been fruitless and that the Department of State was therefore requesting a policy determination by the Council on Foreign Economic Policy on concessional rice sales to the Asian area. (*Ibid.*, 411.90B41/4–1155)

Telegram 935 to Rangoon, May 5, informed the Embassy that the Council on Foreign Economic Policy had generally approved a Department of Agriculture proposal that efforts be made to dispose of approximately 230,000 tons of surplus United States rice in Asia, in addition to sales to Japan, during the rice marketing year ending July 31, 1955, under the following general conditions approved by the Council: "U.S. will sell rice to Asian countries at competitive prices but will not make sales to an extent or at prices which would result in material injury to friendly countries by interfering with their normal exports, preventing them from obtaining an equitable share of an expanded total market, or progressively driving down prices". To minimize adverse reaction to additional sales of United States rice in major Asian rice-producing countries, the Council had approved a Department of State proposal to hold consultations in Bangkok and Rangoon to discuss the world rice situation and explain United States policies. (*Ibid.*, 411.90B41/5–555)

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6. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, April 8, 1955—11 a.m.

938. Embtels 896, 922.[2] Had interview with Kyaw Nyein on his return from Interior. He apologized for delay in giving views on in-

[1]Source: Department of State, Central Files, 790B.5–MSP/4–855. Secret.

[2]Telegram 896 from Rangoon, March 24, reported that U Kyaw Nyein had not responded to the proposal for U.S. military assistance to Burma. (*Ibid.*, 790B.5–MSP/3–3055) Telegram 922, March 30, reported that U Kyaw was away from Rangoon for a few days. (*Ibid.*, 790B.5–MSP/3–2455)

formal arms proposal but said had been unable present matter fully to Ne Win and Ba Swe who both frequently absent from Rangoon. (This I find hard to believe in relation matter to which such importance attached by Burmese.) Kyaw Nyein asked me repeat proposed terms and promised his reactions by about 8th.

He asked again whether formal agreement essential and why must be made public. I explained that exchange notes required and that we obligated report eventually to Congress and UN but that considerable delay possible and report could be inconspicuous. He asked why we could not find formula whereby transaction could be handled as sale at reduced price even if limited to surplus items (which he said would be good enough for Burma). My answer explained that our lawyers had found such sales impossible under present laws unless items actually surplus and that US surpluses strictly limited at present.

It significant that Kyaw Nyein arranged have present at interview Thakin Tha Kin, Joint Secretary General AFPFL, which I interpret reflect desire have witness who could verify to colleagues propriety subject matter and defend Kyaw Nyein against possible charges his relations with us unneutral.

Comment: I gained distinct impression from interview that primary concern Burmese is conceal gift aspect from opposition and from Chinese Communist to whom commitments publicly made not accept such gifts. Personally believe that unless we can find formula to eliminate gift aspect entirely or satisfy Burmese that could be handled with complete and permanent secrecy our proposal not likely be accepted.[3]

Acly

[3]Acly reported in telegram 1042, April 30, that he had raised the subject with Kyaw Nyein, who replied that he had asked General Ne Win to discuss the matter with the Embassy. Acly commented that the obvious indifference and silence convinced him that the Burmese Government was not interested in the U.S. proposition. (*Ibid.*, 790B.5–MSP/4–3055)

7. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, May 19, 1955—noon.

1146. Deptel 943.[2] During call on Prime Minister 18th he said that inner Cabinet after long discussion recommended to him that GUB request loan from US for continuing economic development program. Final decision however left to Prime Minister and he feels inclined cut back program to conform Burma's own ability pay rather than seek outside help. He gave as reason that widespread corruption among rank and file politicians and officials makes it impossible insure that funds properly used.

Nu said that contracts with American consultants (mentioned specifically Robert Nathan Associates[3] and implied KTAM[4] also) would soon expire and that because of shortage dollars might not be possible renew. He therefore asked if US could take surplus Burmese rice in payment. Acly referred to similar proposals made to Ambassador Sebald and said that information received from US Government makes it clear that there little hope such plan feasible within present legislative and political limitations and in view our own substantial rice surplus.

I mentioned that Baldwin group[5] would visit Rangoon at end week for express purpose discussing rice marketing problems and urged Prime Minister encourage Minister Trade Development and other officials talk fully and frankly with mission on all phases rice situation. He promised to do [so].

Comment: Although final decision not yet made re request for loan matter clearly involves cleavage among GUB leaders and reconsideration basic development policies. Emotional reaction Prime Minister to evidence widespread corruption among political elements is in conflict with approach Kyaw Nyein and other more realistic leaders who consider development program essential maintain political support.

Satterthwaite

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[1]Source: Department of State, Central Files, 890B.10/5–1955. Secret.

[2]Telegram 943, May 6, responded to telegram 1041 from Rangoon, April 29, which reported Burmese interest in securing a U.S. loan. (*Ibid.*, 890B.10/4–2955) Telegram 943 discussed possible sources for a loan to Burma and suggested that informal discussion should take place before Burma made a formal request for assistance. (*Ibid.*, 890B.10/3–2955)

[3]A U.S. consulting firm providing economic advice to the Burmese Government.

[4]Tippetts, Abbett, McCarthy, and Stratton (formerly Knappen, Tippetts, Abbett, and McCarthy) Engineering Company, a U.S. consulting firm providing engineering advice to the Burmese Government.

[5]See *infra*.

8. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, May 26, 1955—7 p.m.

1174. For Sebald from Baldwin.

1. Rice conversations with Burmese officials held in friendly atmosphere. Burmese stressed following points:

a. Increasingly difficult Burmese economic situation and enforced curtailment economic development program largely attributable inability sell more rice.

b. Economic deterioration has forced GUB embark upon undesirable policy of barter deals, some involving Communist countries. GUB dubious re benefits these deals for Burma and recognizes that closer ties with Communist bloc may be inevitable result but sees no alternative means disposing surplus rice.

c. GUB admits unrealism rice price policies and existence administrative inefficiency. Mission informed that GUB expects in near future change policies to improve these defects (specific changes not disclosed but rationalization export prices probable and some increase private trading possible).

d. GUB acknowledges good intentions US re surplus disposal policy but considers any US action which would tend accentuate Burma's surplus rice problem would be inconsistent with US expression of solicitude for Burma's welfare. While recipient countries may derive some economic benefits through purchase US surplus rice, impact, at least short-term, upon Burma would be damaging and accentuate Burma's current difficulties.

e. GUB especially troubled by long-range effects US wheat sales in traditional rice consuming countries. Made but withdrew suggestion US not sell wheat in Asia area.

f. GUB urges US avoid any action which would be detrimental Burmese interests in Asian rice markets.

2. Burmese delegation reiterated Prime Minister's previous proposal that US buy surplus Burmese rice for disposal deficit countries. I accepted this as official proposal but indicated unlikelihood US ability comply.

3. We elaborated essential points approved talking paper.[2] Emphasized particularly undesirability permitting continuance present level US rice surplus and stressing positive steps taken to reduce production. We described precautionary conditions under which any additional US surplus rice would be sold Asian markets in this crop year. We repeatedly emphasized US interests in Burma's welfare, our

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[1]Source: Department of State, Central Files, 411.90B41/5–2655. Confidential. Repeated to Bangkok and Phnom Penh. Confidential.

[2]Not found in Department of State files, but Baldwin's instructions were set forth in Murphy's letter, cited in footnote 4, *infra*, and elaborated in telegram 983 to Rangoon, May 16. (Department of State, Central Files, 411.90B41/5–1655)

recognition of importance rice to Burma's economy, and our desire avoid any action detrimental to Burma.

4. At final meeting Burmese chairman expressed GUB gratification over mission's visit and accepted my suggestion that further rice discussions with Embassy be held as conditions warrant.

5. In final official talk with Minister U Raschid I expressed hope that some, perhaps appreciable amount, surplus US rice would be used this year to relieve shortage in Cambodia, Laos. I gave no assurance this could be done but indicated matter receiving careful US consideration. Disposal of substantial amount of 230,000 tons figure in those countries, assuming they unable satisfy their requirements normally by June 15, would undoubtedly be effective follow-up of mission's efforts here and could be represented to Burma as US action designed give GUB "breathing spell" which Burmese officials have told us is badly needed in order effect necessary changes in rice policies.

6. Frank talks have created official good will, reduced earlier GUB apprehension and produced better official understanding here of US side of problem. Burmese official attitude now will be "wait and see".

7. Departing for Bangkok 9 a.m. 27.

Satterthwaite

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9. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, May 28, 1955—10 a.m.

1185. As Department will have noted from Embtel 1174[2] reception given Baldwin rice mission by GUB was more cordial and friendly than anticipated. GUB seems in fact very grateful to us for sending mission here to explain our position and its visit here was most successful in that respect.[3]

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[1]Source: Department of State, Central Files, 0411.90B41/5–2855. Secret. Repeated to Bangkok. Copies were sent to Benson, Humphrey, and Dodge with covering letters, dated May 31, from Acting Secretary Hoover. (*Ibid.*)

[2]*Supra.*

[3]Telegram 1205 from Rangoon, June 2, reported on a conversation between Raschid and Embassy representative during which Raschid said he "felt rice mission visit had served no useful purpose." He claimed that U.S. competition was "unfair" and that the United States must stay out of Asian rice markets. Although the Embassy representative reiterated the Embassy's arguments, they had no noticeable effect on Raschid. The Embassy representative concluded that the Government of Burma, "after

Continued

GUB (which is in truly dire financial straits) has in effect thrown itself-on our mercy. It is therefore of highest importance to our position here that assurances contained in three numbered paragraphs of Baldwin's instructions,[4] which have, of course, been passed on to GUB in course of meetings, be scrupulously observed.

In spite of friendly and understanding official reception given mission we can give no assurance that reaction, once actual sales of our surplus rice in this area become known, will not be extremely bitter. To judge from highly emotional and illogical Burmese reaction to problem Chinese irregulars we can only contemplate with great uneasiness the lengths to which attacks on US economic policy may go. I therefore urge that we delay to latest possible moment actual sales of surplus rice except possibly to Cambodia and Laos.

While realizing that decision dispose surplus rice was made at high level and only after lengthy discussions I nevertheless feel that President's and Secretary's attention should be drawn to potential dangers created by decision to sell surplus rice in markets important to Burma. As I see picture, Burmese people and to some extent government are being softened up for penetration and infiltration at rather alarming rate both by GUB mistakes and by Chou's friendship with U Nu. While true GUB is still anti-Communist in its domestic relations we see indications of reversal of this policy. During Baldwin mission conversations, emphasis placed by Burmese officials upon policy of increasing trade with Communist countries was significant. Moreover, exceptionally cordial relations between GUB and CPR give latter a very favorable opportunity to exploit situation.

Burma with its great potential riches and small population plus access to Indian Ocean must offer great temptation to Chinese Communists. While it seems unlikely they will carry out an armed attack on Burma in foreseeable future, possibilities of political infiltration and economic penetration with eventual imposition of a semi-satellite status seem rather ominous unless present trend is reversed. Is it not therefore, rather illogical that while spending astronomical figures to maintain and strengthen our defense perimeter in the western Pacific we should for the few million dollars involved in sale surplus rice to Asia risk further loss our prestige here and pushing Burma closer to Communism?

If therefore, it were still possible delay sale any considerable quantity surplus rice in markets important to Burma while at same

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studying matter following departure mission, simply refuses accept idea any US rice can be sold in Asia without harming Burmese-American relations." (Department of State, Central Files, 411.90B41/6–255)

[4]Reference is apparently to a letter of May 14 from Robert Murphy to Baldwin that included instructions for the delegation's consultations in Thailand and Burma. (*Ibid.*, 411.90B41/5–1455)

time, as soon as the climate were appropriate, we could find an acceptable method of giving Burma some of the economic assistance it so badly needs, we could I am confident strengthen our own position here and at the same time reverse present trend toward closer ties with the CPR. As it is, we are, by selling our surplus rice in this area, running definite risk of seeing a hitherto strongly anti-Communist government so weakened politically that it may be overthrown and Burma itself become a Chinese Communist satellite.

Satterthwaite

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10. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, June 23, 1955—6 p.m.

1276. During Senator Dirksen's[2] courtesy call yesterday on U Kyaw Nyein (in his capacity as acting Foreign Minister) latter gave Senator in strict confidence his views on past and current foreign policy as follows: After Burma became independent most Burmese having had little experience with democracy favored totalitarian regime. However, U Nu and his colleagues in government being true believers in democracy in Western sense word have tried lead Burma along that line even during most difficult days of insurrection and have at no time suppressed civil liberties. They are also strongly anti-Communist and know evils communism from bitter experience of active warfare against Communist insurgents. Burma also during first years its independence looked entirely to west and especially to US for technical assistance.

One fact of life, however, which Burmese could not ignore was thousand mile common frontier with Communist China, especially as Chinese Communist Government grew in strength. Another is Burma's steadily weakening economic situation since 1953 decline in rice prices. It was that year GUB decided terminate technical assistance with US not because it did not like and appreciate such assistance but because it feared such assistance could lead Peking to take hostile attitude toward it.

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[1]Source: Department of State, Central Files, 690B.00/6–2355. Secret. Repeated to Bangkok, Saigon, Phnom Penh, Vientiane, New Delhi, and London. At Hoover's request, copies were sent to Benson and Dodge, with covering memoranda of June 23 from Walter K. Scott. (*Ibid.*, 790B.00/6–2355 and 690B.00/6–2355)

[2]Senator Everett M. Dirksen (R–Ill.) visited Rangoon June 22–23.

GUB wooing of CPR with barter agreements, cultural exchanges and requests for technical assistance is, however, leading to consequences which U Kyaw Nyein fears may be fatal. Fundamental cause for this development is serious loss foreign exchange during past two years due to lower rice prices and subsequent loss large part Burma's traditional rice market. Burma must sell its rice in order obtain foreign exchange and it has no alternative but make current barter agreements[3] in view its serious economic position. This is also reason GUB has decided not to accept US economic assistance.

There is, however, one way in which US can still help to save situation and that is in assisting Burma in finding other markets for its rice or at very least in not disposing of current US rice supplies in Asian markets. (See this connection Embassy telegram 1185, May 27 [*28*].[4]) Unless US can assist Burma in this way U Kyaw Nyein (who is most realistic and pro-Western of top Burmese leaders) said he feared within five years Burma would be completely sucked into Soviet orbit.

Satterthwaite

[3]Burma had recently signed agreements providing for the exchange of rice for manufactured goods with Czechoslovakia, the German Democratic Republic, and the People's Republic of China. A similar agreement between Burma and the Soviet Union was signed on July 1.

[4]*Supra.*

11. Editorial Note

Prime Minister U Nu visited Washington June 29–July 3 during a 21-day visit to the United States. A memorandum of a conversation held on June 29 between the Prime Minister and President Eisenhower is printed *infra.* Conversations between U Nu and Secretary Dulles took place on June 29, July 1, and July 3; they concerned U.S. relations with Cambodia, and the possibility of direct talks between the United States and the People's Republic of China. Memoranda of the Dulles–Nu conversations are in Department of State, Central Files, 51H.5–MSP/5–2955, 751H.5–MSP/7–155, and 033.90B11/7–355. Other conversations between U Nu and various officials during his stay in Washington are summarized in telegram 34 to Rangoon, printed as Document 13. Briefing papers and other material relating to Nu's visit are in Department of State, Central File 033.90B11 and *ibid.*, Conference Files: Lot 59 D 95, CF 493.

The texts of addresses made by Prime Minister Nu on June 30 before the Senate and House of Representatives, a joint statement issued on July 2 by the Prime Minister and President Eisenhower, and a letter from U Nu to Eisenhower are printed in Department of State *Bulletin*, July 18, 1955, pages 95–97. Prime Minister Nu's recollections of his visit are in U Nu, *U Nu—Saturday's Son* (New Haven, Yale University Press, 1975), pages 248–251.

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12. Memorandum of a Conversation, White House, Washington, June 29, 1955[1]

SUBJECT

Economic Situation in Burma

PARTICIPANTS

President Eisenhower
Secretary Dulles
FE—Walter S. Robertson
FE—William J. Sebald
Prime Minister U Nu, Burma
U Thant, Prime Minister's Secretary

President Eisenhower asked Prime Minister U Nu concerning the economic situation in Burma. The Prime Minister replied that some difficulties had been experienced because of Burma's failure to dispose of its surplus rice, stating in response to a question that the surplus at the end of the year will be two million tons (*sic*). The President asked whether our agricultural surplus disposal program was causing any difficulties to the Burmese economy and, if so, in what manner. U Nu replied that he was well aware that the United States was having great difficulties in connection with agricultural surpluses. He was also cognizant of the fact that it has become necessary to dispose of some of these surpluses in Asian markets. At the same time, however, he did not wish to give the impression that he had come to the United States for the purpose of complaining or making any protest whatsoever regarding U.S. policies in this regard. Burma would simply have to accommodate itself to the realities of the situation and work out its problems in its own way. At the same time, however, he hoped that the United States would view sympathetical-

[1]Source: Department of State, Central Files, 890B.00/6–2955. Drafted by Sebald on July 5. Confidential.

ly Burma's difficulties and would not think ill of Burma's policies growing out of its economic problems.[2]

The Prime Minister spoke of the need for developing markets for Burma's rice in the Communist bloc countries, specifically Communist China and Soviet Russia. He said that a contract had just been signed with Yugoslavia under which the latter agreed to purchase 50,000 tons annually for five years. In view of the need to have friendly relations with Communist countries in order to develop markets for the principal crop of Burma, the Prime Minister reiterated his hope that the President and other U.S. officials would understand Burma's difficulties.

The conversation turned to the problem of barter trade between Burma on the one hand and China and Soviet Russia on the other. The Prime Minister said that the arrangement with the CPR provided for a 20% cash payment which, however, would be used by Burma to pay for transportation costs. The balance of the payment would be in goods of various kinds which he was unable to specify. Some capital goods were included. The contract with Soviet Russia, on the other hand, provided solely for capital goods in payment, with no cash involved. The Prime Minister said that these arrangements raised considerable difficulties for Burma, but under the circumstances no alternative seemed possible.

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[2]According to a memorandum of discussion of the June 30 meeting of the National Security Council, President Eisenhower observed that "because of his Buddhist principles, U Nu could not be induced to lodge a protest over the fact that we had given 100,000 tons of rice to Japan. Accordingly, the President said he was almost obliged to drag evidence of concern from the Burmese Prime Minister over this loss of the Japanese market for surplus Burmese rice." (Eisenhower Library, Whitman File, NSC Discussions)

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13. Telegram From the Department of State to the Embassy in Burma[1]

Washington, July 12, 1955—5:51 p.m.

34. Your 1266.[2] Round-up economic matters discussed by U Nu in Washington.

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[1]Source: Department of State, Central Files, 890B.10/6–2155. Confidential.

[2]Telegram 1266 from Rangoon, June 21, reported that U Nu might raise the subject of U.S. rice sales in Asia and suggested that, if he did so, an offer should be made to help Burma deal with its surplus rice problem through a U.S. loan or U.S. support for a loan from the International Bank for Reconstruction and Development. (*Ibid.*)

1. Rice—PM described Burma rice problem at White House meeting when subject raised by President[3] but made no complaints about U.S. rice policy. Stated that he was cognizant of fact that it has become necessary for U.S. dispose some of its surpluses in Asian markets. At subsequent meeting with Secretary Benson[4] PM again described Burma's rice surplus problem. He mentioned various qualities of Burmese rice, marketing procedures, and two million tons which Burma must dispose of before end of year. Neither Benson nor PM referred to disposal U.S. rice surpluses in Asia. Benson said he would like visit Burma and PM invited him to come. Pouching memos.

2. External assistance—(a) FYI IBRD sent letter, date June 21, to PM summarizing IBRD Mission observations and indicating if Burma agrees with Mission's findings and will revise development program along lines suggested by IBRD, Bank would be willing assist. PM meeting with IBRD President[5] held in cordial and friendly atmosphere. Discussion centered on IBRD letter. Letter and memo conversation pouched FYI only.[6] (b) PM discussed Burma's economic development with Benson but without reference to rice or aid. In informal conversation with Robertson[7] PM referred to Yugoslav rice arrangement. Stated that rice will pay for Yugoslav technicians. Said that he prefers U.S. technicians and raised question whether we could accept rice in return for services U.S. technicians.[8]

3. *Department's comments:* Believe U Nu's rather cursory comments on rice prompted by reluctance mix his gratitude for U.S. invitation and warm welcome with expressions of pique on U.S. rice policy and therefore remained aloof detailed exploration Burma's economic problems. Possibly also recent rice deals in Belgrade and Moscow

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[3]See *supra*.

[4]A memorandum of July 1 from Robertson to Dulles briefly described the meeting that day between U Nu and Benson. (Department of State, Central Files, 033.90B11/7–155)

[5]Eugene R. Black.

[6]Neither found in Department of State files.

[7]The conversation, which took place on July 2, is described in a memorandum of conversation by Robertson, dated July 5. (Department of State, Central Files, 033.90B11/7–555)

[8]During this discussion "U Nu said that he much preferred American technicians to the technicians of any other nation and that his people preferred American and British goods to the goods of any other country." But he was compelled to deal with the Communist bloc countries because they would accept rice in payment for goods and services, while the United States would not. Robertson replied that "inasmuch as there was a large surplus supply of rice in the U.S. for which the Department of Agriculture was seeking to find markets, it might be both legally and politically impossible for us to purchase foreign rice for any reason," but that he, however, "would explore the question further to see if such an arrangement would be possible although he doubted that it would." (*Ibid.*)

may be important factor in PM's eschewal detailed discussion of rice and aid.

Dulles

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14. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, August 10, 1955—noon.

123. Prime Minister asked me to call on him last evening. He started by saying he wanted explain his policy to me. After exposition his personal struggle between idealism and practical necessity for obtaining financial assistance for Burma he said he had sent Minister for Trade Development U Raschid to Delhi yesterday afternoon to request financial assistance of India. If India was unable grant request he would then have to turn to US and asked if we could help him.

Nu recalled that before his departure on world tour he had told me of his reluctance to accept his Cabinet's recommendation that he seek an American loan. He had however instructed Cabinet drastically reduce estimates for next year's budget during his absence. On his return he found out Cabinet had done so but had not gone far enough. He therefore insisted that further large cuts be made in estimates; therefore this had been done. His Ministers had accepted this willingly. They also told him they were willing accept additional cuts required in absence outside assistance but at same time pointed out serious effects such further cuts would have on country's economy and security. Furthermore full impact would be felt just about one month before general elections taking place next April with possible disastrous results for his government. He therefore reluctantly felt obliged suppress his idealism and accept his Ministers' advice request outside assistance.

India was only country he felt he could turn to other than US. If India could assist him he would still be able to talk strongly frankly to Chou En-lai with clear conscience that he was under no obligation to US. He thought it vitally important that head of at least one government should be in this position. Should he borrow from US he feared Chou would no longer completely trust him. Nevertheless if Indians could not assist he must accept fact and realistically turn to

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[1]Source: Department of State, Central Files, 790B.00/8–1055. Secret; Priority. Repeated to New Delhi.

US for financial aid. Raschid would probably see Nehru today and be able to let him know very shortly outcome his conversation.

In reply to my query as to amount needed he said his Ministers told him that total would be about fifty million dollars. Robert Nathan who arrived Rangoon 8th had attended Cabinet meeting yesterday morning and talked to him privately afterward. Nathan indicated best source of loan would probably be Export-Import Bank as it would very likely be impossible get anywhere near amount desired from foreign assistance bill recently approved by President.

I told Nu that only assurance I could give him was that if he made request it would be given sympathetic consideration by my government. It was impossible to say however what if any amount would be available since we were now in a new fiscal year and situation since previous discussions this subject had changed. I did not yet know exactly what restrictions Congress had placed on foreign assistance funds. It might moreover be necessary request smaller amounts for specific projects. I would however be glad pass on his request when and if made and was sure that as result his conversation with President and Secretary they would understand his position and give request every possible consideration.

Nu had prefaced foregoing exposition of Burma's serious economic situation with explanation of why he had taken so strongly a personal stand against requesting a loan. In addition to reasons of corruption reported Embtel 1146 May 19[2] (which he did not mention last night) he said that on departing on his world trip he felt passionate desire to make a contribution toward relaxation world tensions and maintenance peace, he therefore wanted be under no obligation to anyone.

Nu explained that talking to Chou En-lai and Chinese Communist officials was often very difficult. When in Peking last December he had received a telegraphic request from Sir Anthony Eden to take up with Chou En-lai question of releasing US airmen.[3] British Chargé who passed on Eden's message at same time sent him personal message that he thought time was inopportune because of violent press campaign being carried on in Peking against US at that time. Nu nevertheless felt desire to carry out Eden's request. When he did so Chou reacted violently and was angry for a long time. He finally calmed down however and discussed matter more rationally. Moreover when Nu made his speech[4] in which he praised US (which was

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[2]Document 7.

[3]Regarding U Nu's intercession with Chou En-lai in 1954 concerning 11 U.S. airmen imprisoned in the People's Republic of China, see telegram 390 from Phnom Penh in *Foreign Relations*, 1952–1954, vol. XIV, Part 1, p. 1039.

[4]In the speech under reference, made in Peking on December 10, 1954, U Nu declared his intention to work for understanding between the United States and the Peo-

Continued

only passage not receiving applause), Chou replied moderately and from that time on has no longer attacked American people. Further proof of Chou's confidence in him could he felt be found in messages sent him while he was in US. He did not wish claim undue credit for himself but felt Chou had accepted his advice several times and trusted him and that he also had our confidence.

It was in view foregoing and in belief that if he was under no obligation to US he could continue to influence Chou that he had turned first to India. He asked me emphasize this point and expressed hope my government would understand and sympathize with his position.

Nu also remarked that if he obtained loan from US he could no longer feel clear in his conscience in giving US advice. To this I remarked that Nehru obviously felt no such compunctions since India had received a very large amount indeed of American assistance. His only reaction to this was to laugh. He added that for many practical reasons his government would prefer an American to an Indian loan.

In view tenor Nu's remarks I gave him gist Secretary's letter summarized Deptel 106,[5] with which he seemed very pleased. Letter itself has not arrived yet.

I gathered impression that Nu does not feel very optimistic about obtaining desired amount of financial assistance from India. If such turns out be case he indicated he would get in touch with me again soon and I will then endeavor obtain more details regarding kind of loan desired and period over which he would wish receive it.

Satterthwaite

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ple's Republic of China; the speech was summarized in telegram 463 from Rangoon, December 13, 1954. (Department of State, Central Files, 790B.13/12–1354) For U Nu's description of the speech and its reception, see *U Nu—Saturday's Son*, pp. 239–241.

[5]Telegram 106 to Rangoon, August 5, summarized a letter from Dulles to U Nu, which was pouched to Rangoon. (Department of State, Central Files, 790B.13/8–555) The letter, dated August 1, commented on a message U Nu had recorded for Voice of America broadcasts to Burma and reported that although Dulles did not expect any major results at the Ambassadorial talks in Geneva between representatives of the United States and the People's Republic of China, the fact of talking about U.S.-Chinese differences might help prevent their developing for the worse. (*Ibid.*, 790B.13/8–155) In a letter of July 14 to Dulles, Nu had urged the initiation of direct U.S.-Chinese discussions "at the highest possible level". (*Ibid.*, 790.00/7–1455) For documentation pertaining to the U.S.-Chinese Ambassadorial talks and information concerning subsequent correspondence between U Nu and Dulles on this subject, see volumes II and III.

15. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Secretary of State[1]

Washington, August 31, 1955.

SUBJECT

Possible United States Loan to Burma

Problem:

The Burmese Government has asked the United States for a $50 million loan. What should be the position of the United States toward this request?

Discussion:

1. The Burmese Government has informally requested the United States for a U.S. Government loan of $50 million to meet a temporary financial crisis. (Tab A, telegram No. 123 from Rangoon.[2])

2. Burma's request for a United States loan is the first major change in its previously rigid neutralist attitude. This is especially noteworthy since Burma earlier terminated a U.S. aid program in the belief that acceptance of U.S. aid was inconsistent with a truly neutral attitude. It now believes it would be unable to carry out even a modest economic development program and at the same time maintain minimum levels of consumer goods imports without external assistance. The Prime Minister has indicated that failure to achieve these objectives could have disastrous results for his party in the April–May 1956 general elections. Any presently conceivable alternative government would certainly be far less friendly to the United States and may well be avowedly pro-Communist.

3. The Burmese request for U.S. loan assistance at this juncture may prove to be the last opportunity for positive U.S. action to arrest Burma's drift toward the Communist bloc. U Nu is scheduled to visit Moscow in October and it is likely that in the absence of U.S. assistance, the Burmese may feel obliged to seek a Russian loan. In such an event, a substantial portion of the backing for the Burmese currency might be in rubles.

4. Ambassador Satterthwaite expresses the hope that we will be able to grant the Burmese request. He furthermore believes that the Burmese have informed the Communist Chinese of the request and that Communist China is endeavoring to frustrate the granting of the

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[1]Source: Department of State, Central Files, 890B.10/8–2155. Secret.

[2]*Supra.*

loan or at least dictate the terms under which it is granted. (Tab B, telegram No. 173 from Rangoon.[3])

5. To boost rice exports, the Burmese Government has entered into rice barter deals with a number of Communist countries. U Kyaw Nyein, Acting Foreign Minister, told Senator Dirksen in June the resulting closer economic ties with the Communist bloc would "suck Burma into the Communist orbit within five years." This prognostication takes on added weight with the recent news that Burma has issued an export license authorizing the sale of three thousand tons of rubber to Communist China. There is at present no assurance that even with a U.S. loan Burma would cease any further small shipments of rubber to Communist China, with its possible Battle Act[4] implications, or of shipping rice to Ceylon in payment of Ceylonese rubber shipped to Communist China.

6. The Burmese request is for a dollar loan to provide temporary backing for its currency. The problem, however, could be solved by a combination of PL 480, MSA funds and possibly other sources. The Department of Agriculture has given approval to the discussion with the Burmese of a possible PL 480 agreement. While no funds for Burma were specifically included in the FY 1956 MSP presentation to Congress, it was specifically indicated in the confidential memorandum to Congress accompanying the presentation that we plan to use the Asian Aid Fund should the Burmese request aid. (Tab C.[5])

7. Preliminary exploration of the possible loan sources indicates that Burma can obtain perhaps $20,000,000 from India and the I.M.F. This would reduce the requirements to not more than $30,000,000. To the maximum extent possible, we would endeavor to utilize surplus agriculture commodities under PL 480 to meet this need but some drawings of MSA funds are likely to be necessary. (Either the Asian Development Fund or the President's Emergency Fund.[6])

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[3]Telegram 173 from Rangoon, August 22, reported that the Burmese Government had issued a license early in August for the export of 3,000 tons of rubber to the People's Republic of China. Satterthwaite commented that Nu had probably informed the Chinese Ambassador of his intended approach to the United States for a loan and that the Chinese were evidently trying to prevent it. (Department of State, Central Files, 890B.10/8–2255)

[4]The Mutual Defense Assistance Control Act of 1951, approved October 26, 1951, forbade U.S. assistance to countries shipping strategic goods to Soviet-dominated areas; 65 Stat. 644.

[5]Tab C, an excerpt from a memorandum, entitled "Additional Uses for the President's Fund for Asian Economic Development" is not printed. The fund was established by Section 418 of the Mutual Security Act of 1955, approved July 8, 1955; 69 Stat. 283.

[6]Reference is to funds provided by Section 401 of the Mutual Security Act of 1954, approved August 26, 1954, for use when the President determined it was important to the security of the United States; 68 Stat. (pt. 1) 832.

Recommendation:

It is recommended:

(1) That you agree in principle on the political desirability of the United States extending assistance to Burma in its current financial crisis;

(2) That you authorize, in accordance with Department Circular 25 of May 15, 1953,[7] discussions with the Burmese and other government agencies with a view to determining the minimum amount of U.S. aid necessary to meet Burma's needs and the sources from which such funds might be derived.[8]

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[7]Circular telegram 25 set forth principles to be observed in the negotiation of treaties and executive agreements; it stated that treaty negotiations should not be entered into without the written authorization of the Secretary or Under Secretary. Department of State circulars were internal procedural directives; a file was maintained by the Bureau of Personnel.

[8]Dulles initialed this memorandum indicating his approval.

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16. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, September 7, 1955—7 p.m.

226. Reference: Paragraph 4, Department telegram 142.[2] Ministers U Kyaw Nyein (Industries) and U Raschid (Trade Development) today asked me explore possibility PL 480 agreement. View trade ties with Communist countries, GUB first wishes clarify whether Battle Act or Section 304 PL 480[3] would prevent either agreement as a whole or loan under Section 104(g).[4] Both Ministers emphasized importance these considerations to Burma.

In reply question whether Burmese rubber exports to Communist China were due to political decision to accommodate CPR or economic decision to exploit good market they said Burma had trade

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[1]Source: Department of State, Central Files, 411.90B41/9–755. Secret; Priority. Repeated to Tokyo.

[2]Telegram 142 to Rangoon, August 20, set forth guidelines for the Embassy's use in informal conversations concerning a possible U.S. loan to Burma. Paragraph 4 concerned the possibility of assistance through Public Law 480—the United States would supply cotton (to be processed into textiles in third countries) and other commodities to Burma as a means of supplying consumer goods and defraying the local currency cost of Burma's development program. (*Ibid.*, 890B.10/8–1755)

[3]Section 304 of Public Law 480 required that the sale or transfer of agricultural commodities under the act did not result in increased availability of those commodities to unfriendly nations.

[4]Section 104(g) of Public Law 480 authorized agreements to use foreign currencies that accrued to the United States under the act for loans to promote trade and economic development.

agreement obligation provide certain materials including rubber to CPR. Moreover CPR was paying Burma ten percent above world price for rubber. I sensed that GUB would not pursue PL 480 program if program conditioned on GUB renunciation of freedom sell its products Communist countries.

GUB interested $20 million program breakdown not yet made, but would be 75 percent or more cotton (Japan indicated for processing into textiles), balance dairy products, wheat, flour and tobacco.

Agricultural Attaché Quate, who with Braddock and Phillips[5] accompanied me, answered questions regarding procedures and operations PL 480 programs.

Request Department's comments soonest.

Satterthwaite

[5]Daniel M. Braddock, Counselor of Embassy; Robert M. Phillips, Second Secretary.

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17. Telegram From the Department of State to the Embassy in Burma[1]

Washington, September 16, 1955—6:54 p.m.

228. In discussions with Burmese Ambassador September 15, it was apparent Battle Act complications future shipments rubber (aside from licensed 3000 tons) still principal problem. Barrington believes inclusion copper matte in trade agreements with CPR and USSR lesser problems as believes shipments these commodities could be avoided by Burma.

Informed Burmese most satisfactory arrangement for US would be for Burma give informal assurances it would not ship copper matte to any Communist Bloc country nor rubber to CPR. However we are not required by law to request such advance assurances therefore we could proceed on basis general recognition by Burma that Battle Act does set certain limitations upon ability US extend aid and leave possible future developments on this question aside for present assuming Burma will somehow find it possible keep situation from arising under which US would be compelled to terminate aid.

Also implied quite strongly, US ability aid Burma in other fashions aside from PL 480 would be considerably eased if Burmese

[1]Source: Department of State, Central Files, 411.90B41/9–1655. Secret.

could indicate to US Burma did not intend take any action which might force US consider termination aid under Battle Act.

Burmese stated they were of opinion direct sale agricultural surplus for local currency under PL 480 with funds not loaned to Burma would not come under Battle Act as it would be direct sale and not aid. Asked for confirmation, US replied this unconventional and in any event such program would be far less favorable to Burmese than traditional PL 480 program which permits large portion funds be available economic development purposes. (FYI Sale under PL 480 for funds not loaned would of course be possible and has been done before.)

Burmese also raised question whether Section 304, PL 480 would be impediment conclusion PL 480 agreement. Informed Burmese we believe no difficulties inherent in this section since we assume Burma would not re-export items similar those received from US to Communist Bloc countries. Ambassador agreed this should cause no difficulty.

Burmese also wished know if US would use local funds obtained PL 480 sale procure items in Burma which presently are foreign exchange earners for Burma. We replied matter was negotiable and we believed satisfactory agreement both parties could be worked out.

Ambassador Barrington cabling above information Rangoon and hopes for definitive reply some time next week.

In meantime at Burmese Embassy request State and Agriculture prepared informally discuss PL 480 agreement with Burmese beginning next week in hopes reply from Rangoon would permit entering into formal negotiations.

Hoover

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18. Telegram From the Department of State to the Embassy in Burma[1]

Washington, September 23, 1955—7:13 p.m.

267. Your 304.[2] Department also greatly concerned implications high level Burmese Military Mission to CPR and hopes Embassy can

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[1]Source: Department of State, Central Files, 790B.5893/9–2155. Top Secret.

[2]Telegram 304 from Rangoon, September 21, reported that a Burmese military mission, headed by General Ne Win, was on its way to the People's Republic of China for an 8-week visit. Satterthwaite commented that the mission could represent a new Burmese orientation toward the Communist bloc and urged that the Department authorize him to offer U.S. military equipment to Burma at substantially reduced prices. (*Ibid.*)

develop more information re Mission's frame reference (Burmese Military Attaché D.C. not even aware mission).

While possibility exists Burmese acceptance CPR military assistance, believe, in view Burmese studied neutrality, offer US military assistance this time might have effect encourage and justify acceptance CPR aid. However Department will attempt expedite decision use 401 funds[3] but view limited appropriations, few million dollars worth of goods for token dollar payment from Burmese probably about all we can hope for at this time.

Department records indicate previous discussions with Kyaw Nyein re reimbursable aid inconclusive although negative reaction inferred. Therefore at your discretion you may wish go to Kyaw Nyein and ask him to review status US arms offer as you uninformed as to details. If conversation permits you may point up dangers any dependence upon Communist bloc for military assistance and, stressing you not under instructions, assure him you believe US still very interested assist Burmese obtain needed arms and equipment and that mutually satisfactory procedures should be possible.[4]

Dulles

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[3]See footnote 6, Document 15.

[4]Telegram 355 from Rangoon, September 28, recommended that since U Nu and Kyaw Nyein had given assurances that the military mission would not negotiate any purchases of arms while in China, the approach to Kyaw Nyein should be postponed until after the mission's return. (Department of State, Central Files, 790B.5893/9–2855)

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19. Telegram From the Department of State to the Embassy in Burma[1]

Washington, October 14, 1955—7:41 p.m.

361. Our 303.[2] At meeting October 14,[3] Burmese informed that all interested agencies US have considered Burma's financial position, statement of requirements and official position Burmese Government

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[1]Source: Department of State, Central Files, 460.509/10–355. Confidential; Priority.

[2]Telegram 303 to Rangoon, October 3, replied to telegram 267 (*supra*), that the Burmese Government would find it "exceedingly difficult" to engage in arrangements that might invoke an obligation under the Battle Act, but was still interested in an arrangement for obtaining commodities under Public Law 480. Embassy representatives had suggested several alternative schemes that would defer the question of loans. (Department of State, Central Files, 460.509/10–355)

[3]The meeting is recorded in a memorandum of conversation by Francis G. Jarvis of the Office of Philippine and Southeast Asian Affairs. (*Ibid.*, 411.90B41/10–1455)

re Battle Act. Burmese given copy US draft agreement[4] which we believe meets US problems and Burma's and which US can sign if meets Burmese approval. (Copies air pouched.)

Article II draft concerning uses Burmese kyat accruing US from sales commodities reads "(1) The two Governments agree that the local currency proceeds of sale under this agreement shall be available for use by the US for the purposes specified in subsections a, b, d, f, and h of Section 104 of the Act, but the US and Burma may agree to other uses as authorized under said Section 104 and in such event such uses shall be made of the proceeds. (2) The Burmese kyat accruing under this Agreement shall be expended by the Government of the US for purposes stated in Paragraph 1 of this Article in such manner and order of priority as the Government of the US shall determine." During discussion Article II, US made oral statement which designed clarify meaning Article II as follows: "Although the US can and will make no commitments other than appear in the wording of the agreement, the US in view of its present needs and other factors has no present intention to utilize a major portion of the local currency proceeds of sales under the surplus agricultural products agreement for the purposes specified in Article II paragraph one of said agreement and envisages that there will be discussions pursuant to the last clause of Article II of the Agreement." (Last clause refers economic development loans.) US side observed language incorporated Article II meets US requirements and is at least as advantageous to Burma as any of Burma's previous proposals.

Burmese sought further clarification clause re US has no present intention utilize major portion local currency proceeds for its own purposes. US commented US does not believe it would likely wish utilize more than about twenty percent of the proceeds for its own needs through June 30, 1957. Burma sought further assurances re US uses of currency and was advised can be sure US would handle this account with due regard Burma's position as friend and US would not suddenly spend funds for procurement Burmese materials in such large amounts as to injure further Burma's foreign exchange position. US would use some of these proceeds over the next two years but amount would be small.

Commodity component agreement (all in millions dollars) is cotton 16; dairy products 3; edible fats and oils 1; tobacco .6; dry fruit .2; ocean transportation .9; total 21.7. Burma asked why we omitted wheat and informed that US has no wheat history in Burma and US does not wish to appear attempting displace Burma's normal purchases of flour. Burma conceded US has real problem Australia.

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[4]A copy is attached to the memorandum of conversation cited in footnote 3 above.

Assume Burmese will attempt obtain reaction Prime Minister before his departure. Main concern Burmese will probably be fear US may attempt large purchases hard currency earning strategic commodities. Our oral statement of intent is as far as we can go re this.
Dulles

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20. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, November 16, 1955—5 p.m.

557. During call on U Kyaw Nyein yesterday subject of U Nu's visit to Soviet Union[2] came up. I said I had of course been concerned over some aspects of visit and he asked me what specifically and in reply I mentioned prospect that Burma would soon be receiving great number of Russian, Polish and other Communist technicians.[3]

Kyaw Nyein said we should try to understand Burma's position. It is absolutely essential for it to dispose of its rice surplus. The Iron Curtain countries come to Burma's aid in this respect. They cannot send enough goods in return under the barter deals but can send technicians. Their technicians will also be needed for some of the goods they would furnish.

Then making clear he was not speaking for GUB but rather personally he referred to his conversation with Senator Dirksen (Embtel 1276 June 23 in which he expressed fear GUB was being sucked into Soviet orbit). He asked if I had noticed concerted effort being made by Communist countries, first Russia then China, Poland, East Germany and Czechoslovakia, to promote trade with Burma. Rumania and Hungary would be next.

Remarking that "we or at least some of us in the Government are still anti-Communist," he added that US Government was well aware of his feeling on this subject. He had visited Soviet Embassy for first time at November 7 reception because he was Acting Foreign Minister. But what can we do and what can you do to help us he asked?

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[1]Source: Department of State, Central Files, 790B.13/11–1655. Secret.

[2]U Nu visited the Soviet Union in late October and early November; the text of a joint statement issued by him and Soviet Premier Bulganin is printed in *Documents* (R.I.I.A.) for 1955, pp. 482–484.

[3]U Nu stated at a press conference in Moscow that an agreement in principle was reached that the Soviet Union would provide increased technical assistance to Burma in return for Burmese rice. (Telegram 540 from Rangoon, November 10; Department of State, Central Files, 033.90B61/11–1055)

He thought it extremely important that our two Governments should reach agreement on PL 480 negotiations thus assuring increasing contacts between our two Governments for the next two or three years. I remarked and he agreed that negotiations seemed be proceeding successfully.

I asked if there was any way we could help them militarily.[4] He said that if it were possible for us to train more Burmese Officers in our service schools that would be of great help.

In this connection he expressed his personal concern over effect visit of Burmese military mission to China might have on officers accompanying mission. He had not realized until I raised subject with Prime Minister (Embtel 320 September 23[5]) that practically entire army high command had gone to China. Army had always been anti-Communist. CPR had however given Burmese military mission extreme red carpet treatment throughout and he hoped this would not tend to lessen their previous anti-Communist feelings.

Speaking further of Chinese influence he said that even his own Minister *[Ministry]* would be responsible for bringing in many Chinese technicians required to put up textile mills being obtained from CPR. They would be here for at least a year and a number for a longer period.

I reviewed serious efforts US Government has made to assist Burma not only financially but also militarily. I said our efforts to assist Burma had been made increasingly difficult by barter agreements and ever increasing contacts between Burma and Soviet orbit countries. We unlike totalitarian countries were subject to the wishes of the people and had to observe our own laws. [Garble] further ideas on the subject. He promised do so.

Comment: We have received from number of reliable sources indications that U Kyaw Nyein, U Ba Swe and Bo Khin Maung Gale[6] have been increasingly concerned by commitments U Nu has reportedly made during his visit to Russia. Some competent observers feel there will have be showdown between U Nu and these Socialist

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[4]Later that day Satterthwaite reported in telegram 558 that regarding discussion of U.S. military assistance, U Kyaw Nyein referred to General Ne Win's visit to the United States and his failure to obtain firearms. Satterthwaite mentioned the efforts Ambassador Sebald had made for Burma to obtain arms at reduced prices, but U Kyaw Nyein "did not seem disposed to discuss subject so I thought it better to drop it especially in view his own pessimistic attitude toward present trend of ever closer relations with Soviet orbit." (*Ibid.*, 790B.13/11–1655)

[5]Telegram 320 reported on a September 23 conversation between Satterthwaite and U Nu, U Kyaw Nyein, and U Raschid during which the Ambassador expressed personal concern about the visit of the Burmese military mission to the People's Republic of China. (*Ibid.*, 790B.5893/9–2355)

[6]Burmese Minister for Home Affairs.

Party leaders which might possibly result in U Nu's loss of Premiership following coming elections.

Satterthwaite

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21. Telegram From the Department of State to the Embassy in Burma[1]

Washington, December 27, 1955—6:45 p.m.

642. Department studying means countering Soviet penetration Burma. On basis Embassy reports and other accounts our tentative evaluation Bulganin–Khrushchev visit[2] as follows: Would appear strongest proponent of visit was Prime Minister but he probably had support many governmental leaders who felt visit would embarrass Burma's indigenous Communists, encourage their defection and win left wing support in coming elections. However, demeanor and indiscreet utterances Bulganin and Khrushchev appear to have shocked some Burmese officials who now wonder whether some back tracking by GUB will be necessary to clarify Burma's neutralist position internationally and convince Burmese masses AFPFL is superior to Communist organizations in Burma and substantial differences exist between International Communism and Burmese Socialism.

If this analysis substantially correct, may offer opening for frank and useful talks with Burmese Government. Approach could be made to Kyaw Nyein and other leaders to test this analysis and if it proves accurate, discuss ways by which US could help Burmese leaders counteract effects recent Soviet tactics. It would be made clear we have no desire compete with Communists in aid programs. However we desirous help prevent Burma from falling under greater Communist influence internationally or domestically. We believe Burma's leaders share this view and that we can help in preservation Burma's independence and freedom of action. With this in mind we would hope Burmese leaders would feel free and unembarrassed discuss

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[1]Source: Department of State, Central Files, 661.90B/12–2755. Secret; Priority.

[2]Soviet Premier Bulganin and Communist Party First Secretary Khrushchev visited Burma December 1–7. A joint statement issued on December 6 called for Burmese-Soviet cooperation in the economic, cultural, scientific, and technical fields. A statement issued by the Burmese Government on December 7 announced that the Soviet Union would provide economic and technical aid to Burma in exchange for rice. (Despatch 254 from Rangoon, December 8; *ibid.*, 461.90B41/12–855) In telegram 650, December 7, Satterthwaite commented that although Khrushchev had probably underestimated Burmese intelligence in making "blatant attacks" on the West, the Soviet Union's willingness to accept Burma's rice on a barter basis without limitation might constitute a "real threat" to Burma's neutrality. (*Ibid.*, 033.6190B/12–755)

with us any assistance which they believe we might help provide in forestalling further involvement with Communist bloc.

In light your knowledge likely recommendations IBRD Mission,[3] repercussions Bulganin–Khrushchev visit and Burmese views on "aid", request your comments and suggestions you may have ways US could assist Burma counter Commie tactics.

Do not approach GUB this connection without prior Department clearance.

Dulles

[3]Reference is to an IBRD mission, headed by Dr. Antonin Basch, which visited Burma in November and December. Telegram 705 from Rangoon, December 19, reported that Basch had told U Nu that the Bank could not undertake an agricultural project in Burma because U Nu had already agreed to accept a Soviet agricultural mission. (*Ibid.*, 398.14/12–2955)

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22. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, January 6, 1956—6 p.m.

774. Re Deptel 642.[2] Some members GUB aware of danger too close involvement with USSR as result latter's promise take all Burmese rice not sold elsewhere, and might be amenable to offer of assistance by US as means of redressing balance and facilitating Burma's chosen course of neutralism. (On January 5 [name deleted] expressed to Walinsky and Takahashi of Nathan Associates his growing fear that Russia and other Communist countries are trying to draw Burma into economic domination by Communist bloc.) This not question of backtracking, for GUB sets great value on rice purchase commitment by Russia, and would not wish to undo it.

Present trend toward Soviet bloc induced by economic necessities and by international situation as Burma sees it and not by domestic political situation, although AFPFL not adverse to cutting ground from under local Communists by show of friendly attitude toward Soviets. Burmese leaders in general do not share our distrust of USSR and it would probably be mistake to assume they will ask for US aid for purpose of "assisting Burma counter Communist tactics".

[1]Source: Department of State, Central Files, 661.90B/1–656. Secret.

[2]*Supra.*

Importance of Soviet rice commitment (given without political conditions to Burmese to whom marketing of rice vital) is very great, and this advantage exceedingly difficult for US to overcome in view our own rice surplus and Burmese refusal accept direct aid. This Soviet advantage enhanced if we place our surplus rice in Burma's normal markets on non-competitive terms (see Embtel 756[3]).

Increasingly clear to Embassy that PL 480 program alone far from sufficient to meet Russian bid for Burma. Complications which GUB encountering in trying arrange processing PL 480 cotton without disturbing normal trade patterns may be diminishing somewhat its appreciation of program. Program no longer offers some relief for pressure on Burma's foreign exchange since Burma now has other remedies: Indian loan and imports from Soviet bloc countries under rice agreements. Ultimate disposition on kyat proceeds of PL 480 sales still causes Burma some concern. Political credit for negotiating PL 480 promises to be marginal since few persons understand program, and public comment regarding it has at best been mildly approving.

GUB nevertheless apparently still genuinely desires conclude PL 480 agreement (as preferable to drawing down Indian loan, and probably also as sign to US that Burma continues be neutral). Agreement likewise still advantageous to US in context US–Burma relations, since it demonstrates continuing US interest in Burma and desire to be helpful. But assistance in other forms necessary if we hope offset Russian campaign for Burma.

Representative Nathan Associates told Embassy January 5 they have reliable information . . . that Prime Minister has decided have his letter (Embassy despatch 120, September 13)[4] delivered to Secretary after some unspecified modifications. Letter would apparently retain request that US take at least token payment in Burmese rice. Exploratory talks with U Nu, U Raschid, and perhaps U Kyaw Nyein might therefore be useful. However believe important for Depart-

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[3]Telegram 756 from Rangoon, December 31, concerned a U.S. proposal to sell or give 250,000 tons of rice to Indonesia under Public Law 480. Satterthwaite commented that if, by providing rice to Indonesia, the United States denied Burma the opportunity to increase its exports, it would indirectly increase Soviet economic penetration of Burma. He proposed that he discuss with Raschid whether Burma could supply some of the rice needed by Indonesia within the time available and suggested that the United States should limit its assistance to Indonesia to the amount of rice that Burma and Indonesia could not supply rather than the amount over their normal marketings in Indonesia. (Department of State, Central Files, 411.90B41/12–3155)

[4]Despatch 120 from Rangoon enclosed a copy of a letter, dated September 7, from U Nu to Secretary Dulles, requesting U.S. technical assistance for several specific projects and stating that Burma wished to make at least a token payment for such assistance in rice or opium. (*Ibid.*, 890B.00/9–1355) A copy of the letter had been given to Satterthwaite at U Nu's request, but the presentation of the original letter was left to Ambassador Barrington's discretion; it was never delivered.

ment be prepared authorize at earliest possible moment offer of some specific assistance, because Burmese leaders have already indicated kinds of aid they wanted, only to have their requests turned down or discouraged: (1) Kyaw Nyein's request for military aid. (Embtel 588 [*558*], November 16[5] and previous); (2) U Nu's request for loan (Embtel 123 August 10 et seq), met only in part by US offer PL 480 agreement; (3) U Nu's proposed letter to Secretary which still undelivered requesting technicians and help in financing medical center in exchange for token rice and opium (Embassy despatch 120), (4) GUB's request to international bank for various types of assistance, which may all be discouraged by bank for reasons which may be sound from bank's point of view, but effect may be to push Burma further in direction Soviet bloc.

I therefore suggest consideration now be given following specific actions, to be initiated by US, to offset Communist gains and establish closer Burmese-US relations in future:

First, that I be authorized undertake discussion with U Raschid as suggested in Embtel 756, and that US agree limit its supply of PL 480 rice for Indonesia to amount latter cannot obtain on acceptable terms from Burma and Thailand. There is certainly some possibility that Indonesia could not procure from those countries substantially more than 400,000 tons now contemplated (Deptel 633, December 23[6]); but, regardless whether Indonesia would, on this basis, take more Burmese rice, US would have given impressive, tangible demonstration it has unselfish concern for Burma's basic interests.[7]

Second, that US make outright dollar purchase of 10,000 tons Burmese rice for Indo-China, Philippines, even Indonesia (if latter unable get all rice it needs from Burma simply because unable pay for it), or other suitable destination. Realize this extremely difficult for US to do, but consider should make every effort accomplish, because, even though only token amount, it would: (A) generate dollars to finance assistance needed by Burma which Soviet bloc may furnish if US does not and (B) enable Burmese tell themselves they have in some way paid for US help and are therefore not violating their neutral policy by any implied political commitment to US. Thus US could create psychological atmosphere favorable to US assistance to Burma at relatively small cost to our surplus rice disposal program.

Third, use some of kyats accruing to US from PL 480 sale to Burma to pay local currency expenses for American managerial personnel for some of Burma's new industrial plants. Need for such per-

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[5]See footnote 4, Document 20.

[6]Telegram 633 to Rangoon reported that if Indonesia planned to acquire 400,000 tons of rice from Burma and Thailand, the United States would agree to ship 250,000 tons to Indonesia. (Department of State, Central Files, 411.56D41/12–2355)

[7]The Department replied in telegram 720 to Rangoon, January 21, 1956, that it could not approve this proposal, since administration policy, agreed upon with other Departments, was to avoid disrupting the "normal marketings" of Asian countries and that 400,000 tons was regarded as the normal marketing of rice from Burma and Thailand to Indonesia. (*Ibid.*, 411.90B41/12–3155)

sonnel noted Embtel 766, January 3.[8] If possible make these payments from funds allocated sub paragraph (H) Section 104,[9] because GUB has already agreed exchange activities under (H) and less likely regard as new type of aid activity.

GUB could pay at least in part dollar costs from proceeds rice sales recommended in paragraph 2.

Fourth, on same basis supply some US experts to make study flood control, improvement navigation, and hydro-electric potentialities Irrawaddy requested by U Nu in his undelivered letter sent Embassy despatch 120. So far as known, these subjects not yet assigned to Russian agricultural team. Embassy will try provide Department more information about exact terms re [reference] for Russian team.

Fifth, consideration might be given grant aid offer for completion union medical center to which U Nu personally attaches great importance. GUB accepted as gift from USSR technological institute (Embassy despatch 254[10]).

Sixth, Department may also wish consider feasibility providing some US public relations experts to help GUB with its information activities in order "strengthen democratic process", as suggested by U Nu in his letter.

Seventh, if IBRD decides not undertake Rangoon port project, consideration might be given possibility Export Import Bank financing.

Eighth, believed desirable Department earmark some funds on basis which I could indicate to U Kyaw Nyein or Ne Win at suitable moment that GUB can, if it wishes, buy some military equipment from US at half price.

Needless to say I fully shared Department's concern over present situation as indicated by Deptel 642 and feel we should make every possible effort in spite serious difficulties involved to reverse present alarming trend toward domination of Burma's economy by Soviet Bloc.

Satterthwaite

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[8]Not printed. (*Ibid.*, 461.90B41/1–356)

[9]Section 104 (H) of Public Law 480 provided that foreign currencies accrued from sales under the law could be used to finance international educational exchange activities.

[10]See footnote 2, Document 21.

23. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, February 6, 1956—6 p.m.

890. U Kyaw Nyein asked see me yesterday Sunday saying he wanted discuss with me subject raised by U Mo Myit (Embtel 864[2]). He was relaxed and gave no indication of the depression and frustration from which he was allegedly suffering as reported Embtel 797.[3] He said he wanted know what possibilities were of receiving American aid as proposed by Mo Myit. He made it clear that his sounding was informal and unofficial and said he had received no instructions discuss the matter with me.

I told him what we had told Mo Myit, that we desired to be helpful, that it seemed possible something could be worked out with reference to technicians but that our experience at time Prime Minister requested $50 million loan pointed up difficulties in obtaining assistance in large amount he had in mind. (He at no time mentioned any figure but that [*had*?] suggested 200 million to Mo Myit.)

In connection with these difficulties we discussed Battle Act. I pointed out that whereas India had been careful not to contravene terms of the act U Nu had told me it would be impossible give any assurances that Burma would not ship rubber to Communist China in contravention of UN embargo or even cooperate in preventing shipment of strategic materials such as copper matte coming under Title One. Kyaw Nyein said he and few others in Cabinet were trying persuade Prime Minister to cooperate with us in this respect and he thought that possibly Prime Minister could be brought around. He asked specifically whether if Burma's rubber were shipped to Czechoslovakia it would contravene Battle Act. I said I believed not provided shipments actually went to Czechoslovakia and came within rubber quota fixed by the Western Powers.

I asked Kyaw Nyein how soon we could expect Soviet technicians arrive here. He said that no agreement had yet been made and would not be prior to arrival here in May of Soviet mission. This

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[1]Source: Department of State, Central Files, 890B.00/2–656. Secret. Repeated to Moscow.

[2]Telegram 864 from Rangoon, January 31, reported an informal inquiry from U Mo Myit, Permanent Secretary of the Ministry of National Planning, as to whether the United States could give Burma "substantial financial assistance". Mo Myit's inquiry was made at the suggestion of U Kyaw Nyein, who was thinking in terms of a loan of $200 million. (*Ibid.*, 890B.00/1–3156)

[3]Telegram 797 from Rangoon, January 13, reported that, in a January 11 conversation, U Kyaw Nyein had told Satterthwaite that he was going through a period of frustration, depression, and disillusionment with the West and had stated that Burma would have preferred aid from the United States or the IBRD but had been forced to turn to the Soviet Union for assistance. (*Ibid.*, 890B.00/1–1356)

mission was originally to have been headed by Mikoyan. He apparently is not coming but mission will include several vice ministers. In meantime Soviets will go ahead however with technological institute which will probably be located in Syria across river from Rangoon.

The Soviet mission will discuss assisting Burma with enlargement of its steel mill project and with establishing fertilizer and tractor factories among others. If a loan from US were available it would not be necessary request Soviet assistance for all these projects. He wanted to make it clear that he was not trying to blackmail the US but his government felt it must go ahead with these projects.

I raised question of assistance from IBRD. Kyaw Nyein said he thought bank might give assistance for the port and also for rehabilitation of railways. Unfortunately bank operated very slowly and he doubted if they would receive loan sooner than four years after their first request.

He then asked if Export Import Bank loans came under Battle Act. I said I would inquire and request Department's views.

He was pleased learn we are signing PL 480 agreement next Wednesday.[4] He said that U Nu had even had doubts about advisability of this form of assistance but had been persuaded accept it. I expressed surprise since agreement is on a straight sales basis except that US was agreeing not to use kyat proceeds in a way which would hurt Burma's foreign exchange position. He said he and others in the government appreciated this and were grateful.

I also explained our position concerning sale surplus rice to Indo under PL 480. We had satisfied ourselves that sale our rice would not mean that Burma would sell one less ton to Indo and that it was furthermore advantageous to Burma that we should get rid of our surplus which otherwise was a continuing problem for other rice producing countries.

U Kyaw Nyein again made the point reported in Embtel 797 that Burma as Socialist Government is competing with Communist China for the masses of Asia. In this connection I expressed belief that our intervention in Korea had made it possible for Burma to survive as free government. He agreed that this might well be true.

U Kyaw Nyein also emphasized that Burmese Army is presently engaged in full-scale attack on both the White and Red Flag Communist HQ. Thakin Soe[5] had had a very narrow escape and Thakin Than Tun[6] might well be captured. I asked whether this meant there

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[4]For text of the agreement, signed at Rangoon on February 8, see 7 UST (pt. 1) 219.

[5]Thakin Soe, head of the Communist Party (Burma), or "Red Flag" Communists.

[6]Thakin Than Tun, head of the Burma Communist Party, or "White Flag" Communists.

was no chance of latter accepting Burma's amnesty terms. He said anything might happen.

In concluding our lengthy conversation U Kyaw Nyein said he hoped he could hear something from us about possibilities of assistance before too long. I said I had informed Department of U Mo Myit's query and had been informed that the Department was giving these suggestions and others I had made serious consideration. I said I could give him no assurance but hoped we might have something concrete to give him before too long.[7]

Comment: U Kyaw Nyein has just returned from a trip of several days with U Nu in the delta country in connection with elections which begin toward end of April. He is spending this week with U Nu and U Ba Swe electioneering in Rangoon area and next week the three of them will be off on long trip to the north. This would appear to indicate that rumored differences among the three have been put aside if they in fact exist until election is over and could also mean U Kyaw Nyein may possibly be able to persuade U Nu of desirability of receiving as little Soviet aid as possible.

Satterthwaite

[7]Satterthwaite reported in telegram 891, February 6, that in the course of this conversation, he reminded Kyaw Nyein that the United States had offered to help Burma by furnishing arms at favorable prices and said that he thought this could perhaps still be arranged in a way that would not embarrass the Burmese Government. Kyaw Nyein listened with interest but made no comment. (Department of State, Central Files, 890B.00/2–656)

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24. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, February 9, 1956.

SUBJECT

Countering Communist Bloc Tactics in Burma

Problem:

The grave danger is arising that Burma may fall under Communist domination because of the success of Communist economic warfare tactics. What action should the U.S. take to counter this development?

[1]Source: Department of State, FE Files: Lot 58 D 209, Burma, 1956–57. Secret.

Discussion:

The Facts. Communist-bloc tactics of economic warfare are steadily enveloping Burma in the Communist vise, despite Burmese intentions. The recent Bulganin–Khrushchev visit to Burma gave this program a major push forward. The ultimate aims appear to be to squeeze out Western influence and to switch Burma from her neutral position to the Communist bloc.

The twin keys to the Communist penetration are Burma's surplus rice and the Burmese Government's desire for external assistance in carrying out its politically vital development program.

Communist bloc countries are now committed to the purchase of about 500,000 tons of Burma's rice (about one-third of her annual exports). In addition, Bulganin and Khrushchev promised to take *all* Burmese rice not sold elsewhere. These Communist bloc commitments are obviously politically motivated as the Communist countries are by no means absorbing all of these rice purchases domestically. Much of this rice is going to North Vietnam to support the Viet Minh in its serious rice shortage.

In return, the Communist bloc is offering equipment and technicians for the Burmese development program. Communist China is already engaged in the construction of a textile factory in Burma. The Burmese Government is committed to taking Soviet technicians for the diversification of Burma's agriculture. Bulganin and Khrushchev offered to construct and equip a technological institute. They likewise offered Soviet assistance in the establishment of industrial plants, agreeing to accept rice in payment, even on a deferred basis, if necessary. A Soviet mission is scheduled to visit Burma in May, 1956, evidently for the purpose of working out the details of Soviet assistance.

In the absence of assistance from the West (the U.S. and the IBRD) Burmese officials, particularly the pro-American Minister of Industries, Kyaw Nyein, have told our Embassy in Rangoon that they will reluctantly feel compelled to accept the offers the U.S.S.R. had made. For example, they expect Soviet assistance on a steel mill, fertilizer plant and tractor factory, and have implied that they might accept Communist Chinese aid for paper and jute mills.

The Burmese have repeatedly indicated that they would like to have assistance from us, but not on a grant aid basis:

1. As the latest approach (Rangoon telegrams No. 864 and 890, February 2 and 6, 1956—Tabs A and B)[2] the Minister of Industries has just sounded out Ambassador Satterthwaite on U.S. willingness to provide developmental assistance "for political reasons". A loan of up to $200 million has been mentioned in this approach. (Nature and

[2]See *supra* and footnote 2 thereto.

timing of this approach would suggest that the U.S. may be being given a last chance to offer aid before the Burmese Government turns to the Soviet and Communist Chinese offers.)

2. The U Nu letter of September, 1955,[3] suggesting rice for technicians also requested U.S. assistance for the Burmese medical center. (This letter was not formally delivered, but a copy was furnished to our Embassy at U Nu's instruction. We have had indication U Nu is again considering its formal submission to us.)

3. During the P.L. 480 negotiations the Burmese stated they would like to have a portion of the local currency proceeds for economic development "provided there would be no Battle Act implications". (The P.L. 480 agreement leaves such a use open for future discussion.)

4. Preliminary discussions some time ago showed Burmese interest in acquiring U.S. arms if the proper conditions could be worked out.

Outline Plan of Operations. To counteract Communist penetration and pursuant to the Burmese initiatives, the following plan of operations (in addition to exchange of rice for technicians) is proposed:

1. Agreement to lend Burma a portion (about $17 million equivalent) of the local currency proceeds of the P.L. 480 agreement for economic development purposes. Projects would be decided upon jointly by the U.S. and Burmese Governments.

2. Loan to cover the first year's foreign exchange requirements of the Burmese medical center (estimated at $3.4 million), and sympathetic consideration of further loans for the balance of the foreign exchange requirements of that project (estimated at $2.7 million). (The medical center, which was approved but never implemented under the former U.S. TCA program in Burma, would be a useful offset to the Soviet "gift" of a technological institute.)

3. Urge the IBRD to undertake a program in Burma. (I am handling this with Mr. Prochnow.)

4. Authorizing Embassy Rangoon to explore with the Burmese Government the latter's interest in obtaining a U.S. loan to finance the foreign exchange requirements of economic development projects.

5. Allocation of funds not to exceed $20 million (from Section 401) to make available to Burma military and police arms, war materials and training as approved in "OCB Operating Plan for Sale of Arms and War Materials to Burma", October 27, 1954,[4] and "OCB Analysis of Internal Security Situation in Burma and Recommended Action", November 16, 1955,[5] pursuant to the NSC 1290–d, December 22, 1954.

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[3]See footnote 4, Document 22.

[4]For text, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 234. The Operations Coordinating Board was an interdepartmental body charged with coordinating the implementation of policies established by the National Security Council.

[5]This paper recommended that the United States initiate a selective program of providing training and equipment to improve the effectiveness of the Burmese border patrol along the Sino-Burmese border and to strengthen Burmese countersubversive capabilities. (Department of State, OCB Files: Lot 62 D 430, Burma) It was one of a

Continued

Summary of Proposed Assistance:

Nature of Assistance	*Amount*
1. Exchange of rice for technicians	1,000,000
2. Part of P.L. 480 local currency proceeds	17,000,000 (in local currency)
3. Loan for medical center	3,400,000
4. Military and police aid	20,000,000
	$41,400,000
Plus	
5. IBRD assistance	Amount undetermined
6. U.S. development assistance	Amount undetermined

Implementation. Implementation of the above program requires the following action:

1. The Battle Act Administrator's confirmation of his finding of December 7, 1955,[6] that Burmese cooperation is adequate to meet the requirements of the Battle Act. This is necessary to enable us to agree to lend part of the P.L. 480 local currency proceeds to Burma and to confirm that Burma is eligible for other proposed assistance financed from funds outside of Section 401.

2. ICA Action on funds as follows:

a. Earmarking of $3.4 million (from funds other than Section 401) for the medical center.

b. Tentative earmarking of $20 million (from Section 401) for military aid.

3. Authorizing the exploration with the Burmese Government of a foreign exchange loan for sound economic development projects. (Such a loan could be made either by the Export-Import Bank or by ICA or partly by each, depending upon the nature of the projects and Burma's repayment capacity. The amount would in part depend upon the IBRD's decisions about a program in Burma.)

Recommendations:

1. That you approve in principle the Outline Plan of Operations proposed above.[7]

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series of papers prepared by the Operations Coordinating Board in response to NSC Action No. 1290–d of December 22, 1954, which requested the Board to report to the Council on the status and adequacy of programs to improve internal security in countries vulnerable to Communist subversion. (*Ibid.*, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Record of Actions by the National Security Council, 1954)

[6]Not found in Department of State files.

[7]Dulles did not initial the memorandum, but see Document 28.

2. That you sign the attached memorandum to Mr. Hollister (Tab C)[8] requesting his concurrence in the Outline Plan of Operations and his approval of its implementation.

[8]The original draft memorandum to Hollister is not attached to the source text, but see the February 28 memorandum (drafted on February 21), *ibid.*

25. Telegram From the Department of State to the Embassy in Burma[1]

Washington, February 10, 1956—6:46 p.m.

785. Joint Defense, USIA, ICA, State message. Rangoon's 60 to Bangkok repeated information Department 886 Taipei 4 Vientiane 23 Chiengmai unnumbered.[2] As field personnel aware, US relations with Burma in past have been strained because of alleged US involvement with elements in armed opposition against Government of Burma. Giving these allegations substance seriously jeopardizes our friendly relations with Burma and militates against achievement US policy objectives in Southeast Asia. All US mission personnel therefore should scrupulously avoid contact with groups or individuals who may be involved insurrectionary activities Burma including remnant Chinese irregulars. Violation Burmese territorial sovereignty by American officials is inexcusable and trust all US personnel in future will respect territorial integrity friendly state. Should US personnel knowingly or unwittingly become involved actions counter to these instructions chief of mission concerned should immediately report details Washington by telegram.

Instructions re Embassy Rangoon reply Foreign Office démarche forthcoming after Department has received and reviewed Bangkok's comments on reference telegram.

Dulles

[1]Source: Department of State, Central Files, 690B.9321/2–456. Also sent to Bangkok, Taipei, Vientiane, and Chiengmai. Confidential.

[2]Telegram 60, February 4, reported that the Permanent Secretary of the Foreign Office, U Tun Shein, under instructions from U Nu, had told Satterthwaite that the Burmese Government had information that Karen rebels in southeastern Burma had been obtaining supplies in Thailand and carrying on negotiations with Chinese Nationalist irregular troops in Burma and that U.S. military personnel in Thailand had been in contact with the Karen rebels and had crossed the Burmese border and held conversations with the rebel leaders. (*Ibid.*)

26. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, February 18, 1956—9 p.m.

950. From Howard Jones[2] and Ambassador. We had extended conversation with Industries Minister U Kyaw Nyein at his residence yesterday during which Minister made following points:

(1) Burma much interested in announcement aid to Ceylon and hopes this clears away Battle Act problems re Burma. We replied we had no official confirmation press report this subject but emphasized in any event Burma would have to provide proof of "cooperation" under Battle Act. Kyaw Nyein said he realized this but thought it presented no insurmountable difficulties.

(2) If way cleared for aid, Burma basically interested in three categories:

(a) Technicians for rice;
(b) Use of PL 480 local currency;
(c) Loans for economic development program.

(3) Under last category Kyaw Nyein indicated Burma needed approximately $150 million over period three years for sound projects including transportation, port development, expansion steel plant capacity in view new discovery rich iron ore, light consumer industries such as textiles which now take 25% of foreign exchange, fertilizer plant, etc.

(4) He repeated what he had told Ambassador previously about Burma having been forced against will into Russian deal. Although we gave no assurance whatever, he obviously interpreted exploratory conversation as encouraging, and appeared highly gratified at possibility of American assistance.

(5) He also recalled conversation with Hollister and Jones in Singapore[3] above subject and appeared regard visit as in part response to hope expressed at that time some way could be found around Battle Act.

(6) Re IBRD agricultural program Kyaw Nyein hoped Bank would review Basch[4] position. He saw no reason why Bank could not undertake certain projects and Russians others if kept completely separate.

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[1]Source: Department of State, Central Files, 411.90B41/2–1856. Secret; Priority.

[2]Jones was visiting Rangoon.

[3]No record has been found in Department of State files of this conversation, which apparently took place when Hollister visited Singapore between October 16 and 21, 1955, as U.S. Representative at the Ministerial Meeting of the Consultative Committee for Economic Development in South and Southeast Asia (the Colombo Plan). Jones was a member of Hollister's party.

[4]See footnote 3, Document 21.

Apparently Russian mission arriving in May as previously reported will include industrialists to survey development program. It is clear time is running out on this situation but we both gained strong impression from Kyaw Nyein conversation, confirmed by later visit with U Raschid, and by meeting with representatives American economic and technical adviser groups and of Ford and Asia Foundations, all of whom concurred in view that Burma could still back away from any substantial Russian technical assistance or aid program in view no definite commitments yet except for handful technicians now here and those coming to erect technological institute.

While convinced situation can still be salvaged no small gesture will suffice to accomplish this. We should like to suggest for Department's consideration possibility approving three point program as outlined by Kyaw Nyein with extension of economic development line of credit of $150 million over period of years following pattern established so successfully Indonesia by Export-Import Bank.

As we see situation time element is all important and provision of credit line would obviate necessity of individual project justification prior to basic aid decision. We urge Department consider high level approach to both IBRD and Export-Import Bank to enlist their support for program of this character, assuming Battle Act difficulties can be overcome.

In addition to categories of aid mentioned above, Department and ICA may also wish consider small amount of grant aid for completion of medical center, to which U Nu attaches so much importance (and for other items suggested Embtel 774[5]).

To accomplish our purposes in endeavoring counter Soviet economic drive we feel it essential that decision be reached not later than early April. In our opinion importance this problem cannot be over-emphasized if Burma is to be saved for free world and we hope it will be given high priority which it deserves.

Satterthwaite

[5]Document 22.

27. Telegram From the Department of State to the Embassy in Burma[1]

Washington, February 22, 1956—10:20 a.m.

838. Deptel to Rangoon 785 Bangkok 2574 Taipei 478 Vientiane 819 Chiengmai 4.[2] For Rangoon: You may inform Foreign Office following and request pass to Prime Minister:

1) US unaware details Chinese irregulars contact or assistance KNDO rebels. Chinese Government has often stated it has no control over or connection with these irregulars. However as individuals or groups outside but loyal to Chinese Government conceivably could be involved US will bring to attention Chinese Government information which Burmese have passed to US.

2) Burmese representation to Thai Government appears responsible for Thai Ministry Interior directive of February 17 aimed at eliminating arms traffic across Thai-Burma border. U.S. also will call to attention Thai authorities US in concert with Thai objectives prevent assistance to rebels in Burma.

3) US Government only recently learned of Burma border violation by US personnel. Only known incident involved Army captain from Embassy Bangkok who, without authorization from anyone and for no ulterior purpose other than thoughtless curiosity, visited Karens at Dagwin November 10. US Government embarrassed by this thoughtless act and wishes to assure GUB all US mission personnel in area have been instructed scrupulously avoid contact with groups or individuals (including remnant Chinese irregulars) who may be involved insurrectionary activities Burma.

4) The GUB may be assured US Government in future will take appropriate action against those individuals who do not comply with above instruction.

For Bangkok: Embassy should inform appropriate persons in Thai Government:

1) US concerned reports incidents low-level Thai collaboration with Karen rebels and Chinese irregulars, also rumors Karen rebels attempt obtain Thai concurrence arms shipments through Thailand from Taipei.

2) US pleased Phibul's[3] Ministry Interior directive of February 17 on subject and hopes, in interest increasing friendly Thai-Burmese relations, Thai Government will do all in its power prevent Thai assistance to rebel groups in Burma.

3) Cite substance instructions to US personnel to indicate US attitude and action.

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[1]Source: Department of State, Central Files, 690B.9321/2–2256. Confidential. Also sent to Bangkok and Taipei and repeated to Vientiane and Chiengmai.

[2]Document 25.

[3]Field Marshal P. Pibulsonggram (Phibun Songkhram), Thai Prime Minister and Minister of Defense and of the Interior.

For Taipei: Embassy should make suitable approach to Chinese Government pointing out: 61) US has reports of varying reliability suggesting Chinese Government representatives still in contact with and helping Chinese irregulars in Burma and possibly considering assistance to Karen rebels.

2) As we believe Chinese Government itself not likely be involved US suggests Chinese Government may wish investigate and if reports have some basis, take appropriate action prevent irresponsible activity individuals or groups who may be involved.

3) Chinese Government aware any Chinese involvement rebel groups Burma likely cause serious damage Chinese prestige and make achievement US objectives in area difficult.

Hoover

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28. Memorandum From the Secretary of State to the Director of the International Cooperation Administration (Hollister)[1]

Washington, February 28, 1956.

SUBJECT

Countering Communist Bloc Tactics in Burma

I am enclosing for your information a copy of a memorandum[2] which I have this date approved outlining a plan of United States operations to counter Communist bloc tactics of economic warfare in Burma. This plan encompasses not only the exchange of Burmese rice for American technicians which was the subject of Mr. Murphy's memorandum to you of February 20, 1956,[3] but also various other steps open to the United States in accomplishing our objective of preventing Burma from falling under Communist domination.

If you concur in this plan, I should appreciate it if you could:

1. Confirm your finding of December 7, 1955, that Burma's cooperation is adequate to meet the requirements of the Battle Act. This is required to enable us to agree to lend a portion (about $17

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[1]Source: Department of State, Central Files, 411.90B41/2–2856. Secret.

[2]Not attached to the source text, but presumably Robertson's memorandum of February 9, Document 24.

[3]This memorandum reported that Secretary Dulles had decided that the United States should offer Burma the services of American technicians in exchange for $1 million worth of Burmese rice, which should be used to meet Pakistan's need for rice, and asked Hollister to make the necessary arrangements. (Department of State, Central Files, 110.4–ICA/2–2056) An undated memorandum from Hollister to Murphy stated that he would do so. (*Ibid.*, FE Files: Lot 38 D 209, Burma, 1956–57)

million equivalent) of the local currency proceeds of the P.L. 480 agreement for economic development in Burma. It is also required to cover other proposed assistance to Burma financed from funds outside of Section 401.

2. Earmark $3.4 million (from funds other than Section 401) to cover the first year's foreign exchange requirements of the Burmese medical center.

3. Tentatively earmark a sum not to exceed $20 million from the President's Emergency Fund (Section 401) for military and police aid to Burma.

4. Indicate your agreement in principle to authorizing Embassy Rangoon to explore with the Burmese Government the latter's interest in obtaining a loan to finance the foreign exchange requirements of economic development projects.[4]

John Foster Dulles[5]

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[4]In a memorandum of March 5 to Hoover, Hollister wrote that, before he could confirm his finding about Burma's cooperation under the Battle Act, it would be necessary to get assurances from Burma that it would reduce its rubber shipments to Communist China and discontinue its shipments of strategic materials to Iron Curtain countries. He also pointed out difficulties in finding the funds desired in paragraphs 2 and 3 of Dulles' memorandum and proposed that the Export Import Bank be considered as the source of funds for the proposed loan to Burma. (*Ibid.*, Central Files, 411.90B41/3–556)

[5]Printed from a copy that bears this stamped signature.

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29. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 9, 1956—6 p.m.

1029. U Kyaw Nyein asked me call this morning and inquired if there were any developments subsequent his conversation with Howard Jones and me (Embtel 950[2]) in which he had set forth his desire for a $150 million loan spread over three years for use in economic development. He was most grateful for our technicians proposal and said he realized from this and fact that IBRD now prepared to go ahead with port and railway rehabilitation projects and that IMF was prepared to advance $15 million that State Department was actively endeavoring assist Burma.

He asked how Ceylon had gotten around Battle Act. I replied did not have details but was sure that Ceylon Government had undertaken cooperate in some way. . . .

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[1]Source: Department of State, Central Files, 411.90B41/3–956. Secret.

[2]Document 26.

I said that loan of such dimensions would be very difficult for my government. Possibilities were however being actively investigated in Washington but I could give him no assurance other than existence of desire to help wherever possible.

I asked him about scope of program GUB had in mind putting up to Soviet mission when it reached here in May. . . .

I asked him how much assistance from Russians could be cut down if assistance from us were available. He replied that could be cut down to almost nothing if sufficient assistance were available soon enough. Re tractor factory he said vice president International Harvester was here last week and had told him IHC would be glad assist Burma in establishing tractor factory for very low fee. U Kyaw Nyein thought cost would be 5 or 6 crores (ten or twelve million dollars). If American assistance were available this project could be carried out by Americans rather than by Russians.

Reverting to International Bank's request that negotiating team be sent to Washington (Deptel 883[3]) he said they would probably send U Raschid or if he could not go some high ranking civil servant. . . .

I asked about his plans for visiting Russia. He said he and U Ba Swe had not given them answer yet but that they would not go before July or August.

Department's advice on what to tell U Kyaw Nyein in light his plan to get around Battle Act requested soonest. We would be pulling off quite a coup if we could get him to Washington and let him come back with assurance of some considerable economic assistance before Soviet mission visits Rangoon and before he visits Russia.

Satterthwaite

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[3]Telegram 883 to Rangoon, March 6, informed the Embassy that the IBRD management intended to invite Burma to send a delegation to Washington to open negotiations for two loans. (Department of State, Central Files, 398.14/3–656) A letter of April 23 from Purnell to Braddock, reported that the delegation was well prepared and did an excellent presentation. He continued that the Bank, with the assistance of the Department of State, has indicated to the Burmese its willingness to consider other reasonable projects the Burmese may need help financing. (*Ibid.*, 890B.00/4–2256) Two agreements signed on May 4, between Burma and the International Bank for Reconstruction and Development provided for a loan of $5.35 million for railway rehabilitation and development and a loan of $14 million for reconstruction and development of the Port of Rangoon; the texts are printed in 253 UNTS 179 and 209.

30. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 28, 1956—7 p.m.

1109. Saw Kyaw Nyein this morning. Barrington, who took over as permanent secretary Foreign Office this morning and Braddock also present.

Deptel 962[2] had just arrived. I therefore told Kyaw Nyein that US Government was making every effort to work out a coordinated program to assist in meeting their needs and said that obviously extent of our assistance would have to depend to some extent on extent their commitments to Russians. I said we understood that GUB was committed to take Soviet technicians and advisers for agricultural diversification but wondered if further commitments would be made during Mikoyan's visit.[3] He replied it was only in agricultural field that commitment had been made but that discussions would be carried on re Soviet assistance for tractor factory, truck assembly plant and enlarging steel mill. Extent of commitment would depend on conversations with Mikoyan but it was unlikely any final decision would be made since a Soviet economic mission of 6 people will follow Mikoyan to work out details.

Kyaw Nyein said he appreciated our desire to help but what he needed was some definite assurance of what he could expect from us before making final commitments with Russians since Cabinet was pressing him and bird in hand was better than bird in bush. I replied that it depended on what kind of bird he had in hand. I said I would however urge Department give me some definite answer as soon as possible but that there were many complications as Barrington could explain to him. As indicated second paragraph 962 I told him GUB might well be able obtain considerable assistance from IBRD in addition port and railway project and that this was probably preferable to loan from Exim Bank which required repayment in dollars. He protested that bank was opposed giving any assistance on industrial projects to which I replied I thought there would be some industrial projects which bank might be willing support but that we also would not consider that high priority should be given to some proposed industrial projects.

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[1]Source: Department of State, Central Files, 411.90B41/3–2856. Secret.

[2]Telegram 962 to Rangoon, March 26, authorized the Embassy to inform the Burmese Government that every effort was being made to work out a coordinated program to assist in meeting Burma's needs and to reemphasize how important it was that Burma avoid making further commitments to the Soviet Union that would arouse U.S. public opinion and might negate the efforts that had been made. (*Ibid.*, 411.90B41/3–2656)

[3]Mikoyan visited Rangoon March 30–April 1.

I also expressed hope agreement on rice for technicians could be reached promptly pointing out that in view Prime Minister's approach we had been surprised to find GUB now wished use part of funds to pay for American technicians presently employed. Kyaw Nyein said that when matter was raised in cabinet it was general consensus that available funds should be used for that purpose. I said it was very difficult politically for us to purchase rice and that if larger part of funds thus made available could not be used for additional technicians this would leave very unfavorable impression. I said Prime Minister had promised us breakdown of how GUB proposed use funds and had asked Raschid prepare it. He replied that Raschid had not consulted him about it.

In course conversation Kyaw Nyein said he was disturbed about extent Soviet planning for technological institute in view dangers involved since he was afraid this would enable Russians to indoctrinate students even more than at present.

Satterthwaite

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31. Telegram From the Department of State to the Embassy in Burma[1]

Washington, March 29, 1956—8:23 p.m.

989. Joint State–ICA message.

1. You authorized inform GUB at appropriate level US prepared discuss development loans and Battle Act assurances prerequisite to such loans.

2. You may advise GUB that Battle Act would not present problem if GUB were to limit rubber shipments to Communist China as suggested Embtel 1042,[2] refrain from shipment of Title I items[3] to Communist bloc and discuss in advance with the US quantities of any items on Title II list proposed to be shipped to any Communist destination. Such assurances could be oral and would suffice to have

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[1]Source: Department of State, Central Files, 411.90B41/3–1456. Secret; Niact. Repeated to Bangkok.

[2] Telegram 1042 from Rangoon, March 14, reported Satterthwaite's view that, although the Burmese Government would not agree to a publicly announced embargo on the shipment of strategic goods to the Communist bloc, it might be possible to obtain some form of commitment that the government would, in practice, find ways of preventing such exports. (*Ibid.*)

[3] Title I of the Mutual Defense Assistance Control Act of 1951 forbade export of strategic items from the United States; Title II restricted the export of less strategic items.

GUB simply state it prepared proceed with negotiations on basis knowledge foregoing.

3. You may inform GUB that, on assumption Battle Act problem obviated, US prepared:

a) Discuss loan for development purposes of up to 80 percent of local currency proceeds of sales under PL 480 agreement. Loan terms shown by standard agreement form pouched Embassy under transmittal slip March 9, copy of which may be made available to GUB. In view fact Burmese PL 480 agreement does not specify use portion of local currency proceeds for development purposes, will be necessary amend basic PL 480 agreement for that purpose. (FYI: Though above information can be transmitted GUB, do not initiate negotiations this subject until Department Circular 175 authorization obtained. End FYI.)

b) Offer GUB up to $25 million in dollar development loan subject to negotiation mutually agreeable projects. This will supplement further assistance which IBRD has indicated it prepared furnish GUB (Deptel 962[4]). FYI: Believe that combination of this development loan plus further IBRD loans should produce desired political impact necessary prevent GUB from becoming seriously entangled with Communist bloc in execution its development program. End FYI.

4. Guidelines for discussion of Para 3 (b): Loan these Mutual Security funds entail conformance certain minimum legislative and procedural requirements applied worldwide and inherent in aid under Mutual Security Act. Feel essential make most important points clear to GUB in making offer, in order avoid difficulties later if GUB objects these requirements.

Following points seem adequately covered by ECA bilateral of September 5, 1950,[5] still in effect, so presumably no new agreement necessary and matter may be handled by exchange of notes:

(a) ICA review and approval of projects proposed for financing.

(b) Limited number program, technical and administrative staff in Burma attached to Embassy. Do not anticipate establishment formal mission at this time.

(c) ICA procedures would apply but with provisions for special expedited handling. Hope avoid types of problems and irritants of earlier U.S. aid program.

(d) Right of audit and end-use check.

Prefer projects for provision basic facilities, e.g., transportation, communications and power; or for provision basic government services to people, e.g., public health and education rather than those contributing directly to increased production crops in world surplus

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[4]See footnote 2, *supra*.

[5]Reference is to an agreement on economic cooperation signed at Rangoon, September 13, 1950; for text, see 1 UST 668.

or undue emphasis Socialistic approach. Prefer projects of demonstrated engineering and economic soundness.

Assume loan to cover foreign exchange costs only and GUB will meet local currency costs from own budget or PL 480 source.

Visualize 40 year loan, repayable partially in local currency, partially in dollars, ratio subject to negotiations. If necessary could arrange dollar repayments fall due after IBRD loans liquidated. Interest rates for dollar repayment 3%, for local currency 4%.

In view Embtel 1042[6] and views expressed by Congressman Judd,[7] we are postponing indefinitely further consideration assistance to Burmese medical center. Village sanitation project could be aided out of PL 480 local currency and development assistance loans, depending on its relative priority vis-à-vis economic development projects which might be financed from those two sources.

For Bangkok: FYI Only. Further instructions re handling with TG follow soon as GUB reaction known. Embassy suggestions would be appreciated.

For Ambassador Satterthwaite from Robertson:

Dislike even suggest delay in your leave plans but in view importance Burma situation and these programs for which you have worked so hard, would it not be desirable for you delay departure long enough personally initiate these negotiations?

Dulles

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[6]Telegram 1042 from Rangoon (see also footnote 2 above), reported that in view of U Nu's interest in the new environmental sanitation project and the probability that this project was more feasible than the medical center, Satterthwaite considered it preferable to give priority to it and to defer the medical center project until it could be more carefully studied.

[7]Representative Walter H. Judd (R–Minnesota).

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32. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, April 2, 1956—6 p.m.

1141. For Robertson. Deptel 989[2] was most timely as I saw U Kyaw Nyein with Braddock and Usher[3] one hour after receiving it

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[1]Source: Department of State, Central Files, 411.90B41/4–256. Secret.

[2]*Supra.*

[3]Richard E. Usher, First Secretary of Embassy.

this morning[4] and presented proposal with great clarity. Substance conversation will be reported separately.[5]

U Kyaw Nyein was very pleased with our proposal and seemed think that necessary assurances under Battle Act could be given although it may take some time to bring Prime Minister around. Important fact however is that he had had signing of agreement[6] with Mikoyan postponed until tomorrow evening (Mikoyan leaves early Monday morning) and believes that with our offer in hand he will be able either modify or eliminate altogether proposals for loan agreement (our first knowledge that such agreement was being proposed).

Re detailed negotiations required in carrying out our proposal he said these could be carried on between his assistants and Braddock and Usher. He asked however, if it would not be desirable finalize negotiations in Washington. I said it might well be so. He intimated he would like to visit Washington and our proposal may now make this possible under favorable circumstances.

I asked him specifically whether he thought it would facilitate negotiations if I should postpone my departure and he replied he thought this unnecessary. I shall accordingly leave this evening as scheduled but will be ready return at any moment should you think it necessary or desirable.

Satterthwaite

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[4]The conversation took place on March 31; the telegram was evidently prepared prior to Satterthwaite's departure for the United States that evening.

[5]Telegram 1144 from Rangoon, April 3, reported that the Ambassador had presented the substance of telegram 989, except that he had not mentioned the U.S. preferences as to projects and the indefinite postponement of U.S. consideration of further assistance for the medical center. (Department of State, Central Files, 411.90B41/4–356)

[6]Described in telegram 1138, *infra*.

33. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, April 2, 1956—4 p.m.

1138. Re: Deptel 949[2] and Bangkok's 2479,[3] Embtels 756, December 31[4] and 1117.[5] Burma–USSR agreement providing for shipment 400,000 tons Burmese rice annually for 4 years to USSR on barter basis signed here April 1, and announced in official communiqué April 2.[6] (This implements earlier Russian offer take all rice Burma wants ship to them.) Burma will receive capital equipment, some consumer goods and technical services. In addition, a joint statement by U Nu and Mikoyan[7] announced GUB acceptance of hospital, theater and "cultural and sports ensemble to include stadium, premises for industrial and agricultural exhibitions with conference hall and hotel." These are in addition to technological institute.

These agreements guarantee Russians a very substantial long-run economic and commercial foothold in Burma. If Burma actually able deliver total amount, magnitude of Russian deal would be more than $160 million over 4-year period.

U Kyaw Nyein, Minister for Industries, and U Tun Thoung, Secretary that Ministry, told us GUB has calculated it must export 2 million tons rice annually which will exceed by from 600,000 to one million tons the total which Burma can dispose in cash markets. Therefore as matter of policy GUB will try arrange assured market for the excess through 4-year barter deals with the Communist countries.

It seems likely GUB, in arriving at decision to try sell third to half Burma rice exports on barter basis, regarded US PL 480 rice disposal program in Asia (including large US rice sales to Pakistan and

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[1]Source: Department of State, Central Files, 411.90B41/4–256. Secret. Repeated to Bangkok, Tokyo, and Karachi.

[2]Telegram 949 to Rangoon, March 23, informed the Embassy that U.S.-owned rice was to be offered for sale on a competitive bid basis, because previous U.S. prices had not been competitive with Burmese and Thai prices, but that sales would not be made on a basis that would depress world prices or disrupt markets. (*Ibid.*, 411.0041/3–2356)

[3]Reference is presumably to telegram 2749 from Bangkok, March 22, which reported that the Thai Government was disturbed by recent sales of U.S. rice under Public Law 480 and urged the renewal of consultations with Burma and Thailand on this subject. (*Ibid.*, 411.56D41/3–2256)

[4]See footnote 3, Document 22.

[5]Telegram 1117 from Rangoon, March 29, reported that the Burmese-Soviet agreement described in this telegram was to be signed during Mikoyan's visit. (Department of State, Central Files, 461.90B41/3–2956)

[6]The text of the communiqué was transmitted to the Department with despatch 421 from Rangoon, April 2. (*Ibid.*, 461.90B41/4–256)

[7]Transmitted with despatch 421 (see footnote 6 above). The statement also announced that the Soviet Union had accepted a reciprocal Burmese offer of a gift of rice.

Indonesia) and recently announced export sales US rice on bid basis as important factors limiting their own probable cash sales. Thus, rice disposals we have already made have not only irritated Burma but have also contributed to creation this opportunity for Communist countries get sizeable economic foothold in Burma.

Burma evidently knows nothing yet of possibility we will try dispose of a further 500,000 tons in Japan. They had difficulty getting Japan take 250,000 tons this year and would be dismayed by any US proposal sell twice that amount to Japan. Such action I fear could do much more harm to US-Burma relations and give still greater psychological and political opportunities for Communist bloc countries.

Adverse effect on our relations with Burma of any further US rice disposals in Asia will be intensified if we do not carefully pursue policy of advance consultation initiated by Baldwin mission last May. Brief advance notice Pakistan disposal allowed no opportunity for any real consultation with Burma. Furthermore, Baldwin mission told Burma we desired dispose of 230,000 tons in Asia during 1955 marketing year but we have given no indication our goal for present year which obviously much larger than last year. If despite serious adverse results of PL 480 rice disposals we must continue them, I consider it essential we resume advance consultations and give Burma opportunity express their views with regard our present overall goal for sales PL 480 rice in Asia.[8]

Braddock

[8]Telegram 1062 to Rangoon, April 20, informed the Embassy of new proposals for the disposal of surplus rice that were under interdepartmental consideration and stated that the Department's position reflected the considerations raised by the Embassies in Rangoon and Bangkok. (Department of State, Central Files, 411.90B41/4–256) Telegram 1212 to Rangoon, June 2, reported that a proposed exchange with Japan of 327,000 tons of rice for titanium had been disapproved, primarily because of the political and economic effects of such an arrangement on Burma and Thailand. (*Ibid.*, 490B.9441/6–256)

34. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, April 3, 1956—8 p.m.

1145. Pass Defense, . . . USIA. Deptel 982.[2] In belief Department and perhaps Joint Chiefs might like Embassy's views re long range extensive US military assistance Burma, following thoughts developed in meeting senior State, Defense, . . . USIS representatives this post. Embassy offers them not in expectation that arms aid will transform Burma into friendly force on our side but that it will assist Burma put down subversion, deter external aggression and generally help stiffen backbone of country to our advantage. Perhaps more important are grave consequences if we turn Ne Win down.[3] For reasons outlined below Embassy earnestly recommends Ne Win request receive favorable consideration.

1. Burma at present is military vacuum. It has little capability defend itself against invasion.

2. Even without overt aggression, gravitational pull on weakly demanded country to come to terms with source of threat may become irresistible.

3. Only an extensive long-range program would be effective from military standpoint. Burma armed forces have had no experience with modern arms, and long training would be necessary.

4. Even long range extensive military aid from US could not be fully effective in making Burma strong against invasion from China, but it would reduce likelihood of aggression and slow down progress of invader. This factor might spell difference between having Burma as neutral or on our side in war or eventual negotiated general settlement East-West conflict and having Burma on Communist side.

5. Strengthening Burma would be consistent with our military investment in rest of area. Loss of Burma would threaten security of all SEA.

6. Decision having been taken Washington for offer economic assistance to keep Burma from domination by Soviet bloc (Deptel 989[4]), it would seem shortsighted not to provide military support necessary for achievement same purpose.

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[1]Source: Department of State, Central Files, 790B.5–MSP/4–356. Secret; Priority.

[2]Telegram 982, March 28, informed the Embassy that the Operations Coordinating Board had referred the question of military aid to Burma to the Joint Chiefs of Staff for consideration. (*Ibid.*, 790B.5–MSP/3–2856)

[3]General Ne Win had asked the Army Attaché in Rangoon on March 7 whether the United States would be willing to assist Burma to buildup its armed forces to as many as ten divisions over a 3- to 5-year period. (Telegram CX–18 from the Army Attaché in Rangoon, March 9; *ibid.*, 790B.551/3–956)

[4]Document 31.

7. Burma defense forces, particularly army, are strong stabilizing influence in country, with considerable political potential which it would be profitable to keep as far on our side as possible.

8. Army's capability to counter and defeat internal subversion would be greatly enhanced by proposed aid program.

9. If we reject present request for military aid, we may not get another opportunity. Risk to Burma of Communist retaliation for taking military help from US is already great, and increasing ties with Soviet bloc may make it later too dangerous to accept risk. Risk, moreover, could be taken by GUB only if it were completely convinced that we would carry through on program.

10. Cost of program to US would be diminished to extent by which Japan could supply American type arms to Burma, either as reparations or as sales to offset purchases of Burma rice.

11. An offer to provide help of kind and magnitude requested by Ne Win may well be declined by GUB upon further reflection. Offer, however, even if unaccepted, will have important political psychological effect in our favor, whereas rejection of request will be taken as sign our disinterest in Burma's security and will propel Burma in direction Communist bloc.

Braddock

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35. Letter From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Assistant Secretary of Defense for International Security Affairs (Gray)[1]

Washington, April 4, 1956.

DEAR MR. GRAY: The Burmese Government again has approached the United States with an informal but official request for extensive long range military assistance. The substance of this request is embodied in the Army Attaché's message CX–18, March 9, 1956[2] and is strongly recommended for favorable action by Ambassador Satterthwaite in Embassy cable No. 1016, March 8, 1956.[3]

The Department of State has been seriously concerned over the rapid successful moves in Burma by the Communist bloc. While the Department of State is consulting with other agencies in an effort to develop U.S. economic and developmental aid programs designed to check serious Communist bloc influence, there are limitations to the

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[1]Source: Department of State, Central Files, 790B.5–MSP/3–856. Secret.

[2]See footnote 3, *supra.*

[3]Not printed. (Department of State, Central Files, 790B.5–MSP/3–856)

potential effectiveness of these programs in achieving our basic objectives in Burma.

Perhaps the best organized and, at this time, the most anti-Communist grouping of any size in Burma is the armed forces. It therefore is important that the orientation of the military leaders remains firmly anti-Communist and as friendly as possible to the West. It would appear in the interest of United States political objectives to give General Ne Win an indication of our willingness to explore his request and to meet the more realistic aspects of Burma's military requirements. By such action we would encourage continuing anti-Communist orientation of the armed forces.

In considering this problem, the Department of State gives special emphasis to the real possibility that, failing to obtain satisfactory military assistance from the United States, the Burmese might well seek Soviet bloc military assistance. The monetary credit which Burma has built up within the Soviet bloc through rice barter deals together with Soviet bloc eagerness to supplant Western influence in Burma, make the possibility of Soviet military assistance likely and logical. Although Communist bloc military assistance to Burma in itself might not be cause for alarm, attendant training of Burmese by Communist technicians and dependence upon the Soviet bloc for replacement parts do forebode a situation which might undermine the anti-Communist orientation of Burma's entire armed forces and seriously threaten the political stability of the entire country.

While recent discussions with the Burmese concerning military assistance have not been conducted in any detail, from previous intimations several assumptions can be made: 1) the Burmese will insist on some formula whereby they at least will appear to be paying for what they get; 2) they will not accept grant aid as such but will wish discount prices and may ask for a long term loan to finance purchases; 3) they are unwilling to enter into formal commitments which could be interpreted as derogations of their sovereignty or departure from their avowed posture of neutrality; 4) they may be satisfied with recently obsolescent equipment; 5) while it is unlikely they would permit U.S. supervision or training by a U.S. military mission in Burma, they are anxious to expand the training of Burmese military personnel in the U.S. or in third countries; 6) they wish to reorganize the military establishment along U.S. lines.

Although formal military assistance agreements with Burma would provide the safeguards which we desire, the Burmese Government has made it abundantly clear that for various reasons, primarily political, it can not enter into such agreements. It is our belief that the granting of military assistance to Burma even without formal agreements is highly desirable and will cause no significant adverse political reactions in the neighboring SEATO countries, Pakistan and

Thailand. On the contrary, it is believed that if military assistance to Burma is relatively smaller than that made available to these countries and if it is supplied ostensibly on a reimbursement basis and to be composed essentially of technically obsolete equipment, Pakistan and especially Thailand probably would welcome the possibility of a militarily stronger Burma as an additional contribution to their own security.

While there are overriding political considerations which make U.S. military assistance to Burma highly desirable, there are obvious military considerations which require careful study. For this reason it would be most helpful to have the views of the Joint Chiefs of Staff concerning the desirable size and mission of Burma's armed forces and the type and extent of U.S. military assistance which would be required to develop such forces.

It is hoped we can begin discussions with the Burmese Government on the subject of U.S. military assistance in the near future in the hope of forestalling any possible Burmese military negotiations with a Russian aid group expected in Rangoon in early May. For this reason it would be most helpful to have the views of the Joint Chiefs as soon as possible.

Sincerely yours,

William J. Sebald[3]

[3]Printed from a copy that bears this typed signature.

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36. National Intelligence Estimate[1]

NIE 61–56 *Washington, April 10, 1956.*

PROBABLE DEVELOPMENTS IN BURMA[2]

[Here follows a note concerning the distribution of the estimate.]

[1]Source: Department of State, INR–NIE Files. Secret. National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), approved by the IAC, and circulated under the aegis of the Central Intelligence Agency to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[2]A note on the cover sheet reads:

Continued

The Problem

To analyze recent trends in Burma and to estimate probable developments over the next few years, with particular emphasis on Burma's international orientation.

Conclusions

1. The political life of Burma is and will probably continue for the next few years to be dominated by a handful of leaders who share a common outlook based on Marxist economics, Western political principles, and Burmese nationalism. Although in terms of basic values Burma identifies itself with the free world, residual anticolonial sentiment and fear of provoking Communist China have led it to adopt a neutralist position. (*Paras. 9, 11, 53, 64*)

2. Both the current stability and the future growth of Burma's economy are heavily dependent on the export of rice. The world price of this commodity has fallen substantially in the last couple of years and Burma has had difficulty in marketing its rice. Burma's economic development will remain limited not only by the price of rice, but also by the lack of competent administrators and trained technicians and by the internal disturbances which hamper transportation and disrupt agricultural production. However, it is unlikely that economic conditions will seriously affect political stability during the next year or so. (*Paras. 34, 38, 42, 52, 67–68*)

3. Although Burma's need for markets for its rice has provided the basis for a significant expansion in Bloc-Burmese relations, particularly in the trade and technical assistance fields, Burma will almost certainly try to continue to balance its economic and political relations between the West and the Bloc. While trade with the Bloc will account for a large share of total Burmese trade and carries potential dangers, Burma's economic involvement alone will not, at least for the next year, be so great as to destroy Burma's freedom of maneuver. (*Paras. 49–50, 70*)

4. However, Burma is now a major Bloc target, and over the longer run there is danger of a substantial increase in Bloc influence

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"Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

"Concurred in by the Intelligence Advisory Committee on 10 April 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

as a result of economic arrangements already concluded or under negotiation and Burma's likely receptivity to further Bloc offers of trade and technical assistance. Other factors which may increase Burma's vulnerability are: (a) the probable susceptibility of Burmese students and other potential leadership groups to the current pattern of Communist propaganda; (b) Communist China's ability to exert diplomatic or if necessary military pressures on Burma; and (c) U Nu's apparent belief that he can deal with the Bloc without losing his freedom of action. (*Paras. 69, 71–73*)

5. The extent to which the Communists realize their potential in Burma will depend in part on the actual economic gains realized by the Burmese and in part on the skill and restraint with which the Communists comport themselves; premature efforts to apply pressure could result in alarming Burmese leaders. The Burmese have been disturbed by Communist China's sale of rice to Ceylon, and this concern would be intensified should the Bloc re-export increasing amounts of Burmese rice to traditional Burmese markets. But to a major extent, Burmese receptivity to Communist offers and influence will depend on the ability of Burma to dispose of its export commodities, especially rice, in non-Communist markets. (*Paras. 75–77*)

[Here follows a detailed discussion of the subjects dealt with in summary form in the Conclusions section, followed by a map.]

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37. Letter From the Assistant Secretary of Defense for International Security Affairs (Gray) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald)[1]

Washington, April 26, 1956.

DEAR MR. SEBALD: Reference is made to your letter of April 4th in which you requested the views of the Joint Chiefs of Staff with respect to furnishing U.S. military assistance to Burma.

The attached memorandum[2] for the Secretary of Defense[3] sets forth the views and recommendations of the Joint Chiefs of Staff with respect to furnishing grant military assistance to Burma. The JCS object to furnishing grant military assistance to Burma on the basis that Burma probably will attempt to remain neutral and that

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[1]Source: Department of State, OCB Files: Lot 61 D 385, Burma, Documents. Top Secret.

[2]Dated April 20, not printed.

[3]Charles E. Wilson.

therefore current U.S. military plans do not provide for employment of Burmese forces. Secondly, the JCS maintain that extending military assistance to an avowed neutralist nation without the mutual safeguards of a bilateral agreement could generate damaging dissension within our useful alliances.

If, nevertheless, it is determined that military assistance will be furnished to Burma, as envisioned by the March 20, 1956 OCB Working Group recommendation,[4] the Department of Defense considers that the U.S. should seek from the Burmese Government some form of assurance that the equipment would be used for the purposes set forth in the Mutual Security Act of 1954 as amended. Additionally, in order that maximum benefit may be derived from U.S. military equipment, the Burmese should agree to accept U.S. supervision or guidance on the use and maintenance of such equipment. In this connection the views of the Department of Defense furnished to the Secretary of State in a letter of January 28, 1955 from the Assistant Secretary of Defense for International Security Affairs[5] remain valid.

Sincerely yours,

Gordon Gray[6]

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[4]Reference is to a paper entitled "U.S. Assistance to Strengthen Burma's Internal Security", in which the OCB Working Group on Southeast Asia recommended implementation of the recommendations in the OCB papers of October 27, 1954, and November 16, 1955 (see footnotes 4 and 5, Document 24). A copy is filed as an attachment to a memorandum of March 23, from Sebald to Hoover. (Department of State, OCB Files: Lot 62 D 430, Southeast Asia)

[5]In this letter Assistant Secretary of Defense H. Struve Hensel conveyed the Defense Department's agreement that arms could be provided to Burma without requiring U.S. technical supervision, but recommended close supervision through Embassy channels by whatever means were feasible and appropriate. (*Ibid.*, Central Files, 790B.5–MSP/1–2855)

[6]Printed from a copy that bears this typed signature.

38. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, May 8, 1956—9 a.m.

1246. Deptel 989[2] and Embtel 1200.[3] Taking advantage yesterday lunch for Brookhaven Team[4] attended by U Kyaw Nyein, I asked him privately if he was having any trouble with Battle Act conditions on our loan offers. He replied he had hoped win acceptance conditions but that Cabinet and Prime Minister had now rejected them as incompatible with AFPFL's neutrality policy and politically impossible accept without giving recently strengthened Communist opposition[5] ground on which to attack government. Kyaw Nyein said AFPFL in electoral campaign had charged opposition with being "stooges of a foreign power" and that acceptance Battle Act "strings" would enable opposition turn tables on AFPFL.

However informally assurances were given, commitment bound to be exposed by Communists, he said. Resultant damage to government would be greater, according Kyaw Nyein, than damage from curtailment economic development if American aid not forthcoming.

I asked if any of three Battle Act conditions was more troublesome than others. He said no, that presence political strings rather than kind of strings was difficulty; for example, limitation on rubber shipments would have been rejected even if amount much greater than 2,000 tons. Similarly with its strategic minerals; GUB not contemplating shipping any to Soviet bloc but could not give commitment not do so in future. I asked: "Are these Battle Act conditions an insuperable obstacle in your judgement?" He replied in affirmative.

Kyaw Nyein said he very depressed about this because he knew US Government bound by Battle Act limitations. He earnestly hoped some way could nevertheless be found prevent growth Russian influence over Burma.

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[1]Source: Department of State, Central Files, 411.90B41/5–856. Secret.

[2]Document 31.

[3]Telegram 1200 from Rangoon, April 25, reported that the Burmese Government was drawing up plans for a 4-year economic development program and that Barrington had asked whether the United States could extend loans to Burma over the next 3 years similar to those recently offered. (Department of State, Central Files, 411.90B41/4–2556)

[4]Reference is to a team from Brookhaven National Laboratory that visited Burma and other Asian countries in the course of preparing a report to the International Cooperation Administration on a proposed Asian nuclear research and training center.

[5]In general elections held in April and May, the National Unity Front, a coalition of the Burma Workers and Peasants Party and other groups, won over 30 percent of the popular vote; the Anti-Fascist People's Freedom League's majority in the Chamber of Deputies, although still large, was somewhat reduced.

During this conversation Kyaw Nyein referred to AFPFL's "fight for survival" in recent elections, and to its anxiety over increased strength Communist-led opposition. Attributed AFPFL losses largely to rising cost living and said if further disaffection to be averted GUB must keep up imports consumer goods even at expense of economic development plans.

Comments: Embassy has feared this GUB reaction to Battle Act conditions. Neutrality is central feature Burma's foreign policy on which all parties agree. Any clear departures therefrom would subject government to sharp attack all sides. GUB evidently views acceptance Battle Act conditions such departure (whereas advocacy admission Red China to UN not viewed as unneutral because it reflects Burma's own strongly held convictions, not foreign pressures).

Relative inflexibility imposed by Battle Act could defeat US efforts prevent Burma falling under Soviet economic domination. USSR offers to Burma have no strings attached; USSR evidently willing rely on force of circumstances to bring Burma into camp once large scale Soviet aid accepted. Except for legal impediment US could take similar chance; Battle Act assurances seem unnecessary to keep flow Burma strategic materials to Soviet bloc down to mere trickle.

Recommendations:

(1) (If legally possible) That our loan offers to Burma be resubmitted, without political strings, and that we satisfy Battle Act requirements by retaining freedom of action to stop aid if strategic materials exported Soviet bloc in significant quantities.

(2) That we assure GUB its further requests for US aid will receive sympathetic consideration.

In presenting these recommendations for again stretching our policy to meet situation Burma, Embassy feels must point out that:

(a) GUB might not accept offer, even without strings, where [*were*] possibility of US with Krajal [withdrawal] always in background;

(b) Acceptance of offer might not reduce amount assistance GUB would accept from Russia (though Embassy believes there is fair chance that it would and that in any case it would act as counterpoise to Russian aid, thus helping Burma maintain neutrality);

(c) If we make no loan, possibility that growing Soviet influence can be kept within manageable bounds by GUB seems remote.[6]

Braddock

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[6]A memorandum of May 9 from Dulles to Hoover, enclosing a copy of this telegram, reads: "I hope that this problem will be sympathetically studied, as it seems too bad to let Burma fall under Soviet or Chinese Communist domination if the prospective strategic shipments to the Bloc are very minor in character." (Department of State, Central Files, 411.90B41/5–956)

39. Telegram From the Department of State to the Embassy in Burma[1]

Washington, May 12, 1956—2:08 p.m.

1138. Your 1246.[2] Department officials May 11 discussed with Ambassador Win GUB rejection US loan offers in hope he can elaborate US position to Prime Minister upon return May 20. Follows summary conversation:

1. Department reviewed US efforts meet GUB requests for assistance and informed Ambassador Win of new loan offer and rejection. Ambassador obviously uninformed by GUB re offer and rejection loans.

2. Explained reason he not informed by Department was recentness of offer and desire obtain initial Rangoon reaction.

3. Rejection causes us puzzlement because we unaware any political strings involved as far as Burma concerned.

4. In endeavor clarify possible misunderstanding US Government now making complete re-examination of the requirements for Burma's eligibility for assistance.

5. Had hoped have message this subject Ambassador could hand carry to Burma but re-examination not yet completed and expect cable results to our Embassy before end next week.

6. Asked Ambassador explain to Prime Minister Washington atmosphere of good will and desire be of help on our part.

7. U Win asked whether the request for loans had U Nu and Cabinet approval or Kyaw Nyein acting on own. Department replied we assumed had GUB approval since requests for loans longstanding and discussed at various levels GUB, including U Nu.

8. Ambassador asked re effect Battle Act if Burma increased rubber shipments and supplied other strategic items to CPR. Department replied Burma's pattern of trade one of factors being reviewed but our belief it most unlikely find Burma in violation. Presidential determination could be made in cases where violation presumed but we confident necessity will not arise. Rationale aid program to Ceylon briefly discussed.

9. Ambassador asked what conditions involved in loan agreements. Department replied only conditions would be those standard in financial agreements.

Comment: Department and interested agencies reviewing Burma problem in hope establish Burma's eligibility loans without fear

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[1]Source: Department of State, Central Files, 411.90B41/5–856. Secret.

[2]*Supra.*

Battle Act violation. Purpose interview was furnish U Win with background and clarify US position.

Dulles

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40. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, May 29, 1956—noon.

1324. Barrington, Permanent Secretary Foreign Office, has given me copy letter addressed by Prime Minister to President Eisenhower dated May 22,[2] which he said had been sent Burmese Embassy Washington with instructions deliver soonest.

High points of letter (of which full text by pouch) as follows:

Two keystones of over-all policy of AFPFL, which recently scored clearcut victory at polls, are: determination strengthen economic social fabric of country rapidly but only through democratic methods; and equal determination remain uncommitted in cold war. To carry out even curtailed development program, need American assistance. Two obstacles to revival American aid, from Burma viewpoint: first, Burma's strong disinclination take anything free from another country, however friendly, and consequent need to make at least token payment in rice for any grant assistance received; and secondly, anxiety not to compromise Burma's neutrality. Because of latter, even tacit acceptance Battle Act restraints would place GUB untenable position. Tragic feature of Battle Act difficulty is that Burma's exports falling within purview act almost negligible and even such exports would tend flow toward cash markets. If US could waive requirements of Battle Act understanding as prerequisite to revival economic cooperation program, Burma most happy to accept assistance. If US embarked on program and later felt obliged by action Burma's part to reconsider and possibly terminate it, Burma would understand and continue friendly to US. Similarly, Burma would not wish embark on aid program unless it felt that US recognized Burma's need to retain in principle its freedom of action and

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[1]Source: Department of State, Central Files, 411.90B41/5–2956. Confidential. Received on June 3; a note on the source text states it was delayed in transmission.

[2]The letter, signed "Maung Nu," is filed with a June 19 memorandum from Howe to Ann Whitman. (Eisenhower Library, Whitman File, International Series) A copy was sent to the Department as an enclosure to despatch 520 from Rangoon, May 28. (Department of State, Central Files, 411.90B41/5–2856)

that US would not regard as breach of faith possible Burmese actions which might require US to reconsider continuation aid.

Embassy comments:

Reiteration Burma's unwillingness accept grant aid without at least token compensation in rice may foreshadow request to increase US technical assistance in rice-for-technicians agreement. Much more importantly, re Battle Act, Prime Minister's letter seems indicate clearly Burma would accept renewed offer US loan, as recommended Embtel 1246,[3] which would leave both countries their freedom of action. If US can renew offer these circumstances, way seems open to establish new aid program which could go far toward keeping Burma from being drawn into Communist orbit.

Braddock

[3]Document 38.

41. Memorandum From the Counselor of the Department of State (MacArthur) to the Secretary of State[1]

Washington, June 5, 1956.

MR. SECRETARY: I have read with great interest U Nu's letter of May 22 to President Eisenhower. I have also talked with members of the visiting Burmese military delegation. It seems to me that in a sense we have reached a crossroads in our relations with Burma where, if we can act speedily and wisely, and can do something along the lines of U Nu's request, we can substantially strengthen our position in Burma. I know there is a provision in the Battle Act (which has been used in the case of European countries such as Denmark) which enables the President to determine that despite shipments of certain strategic items to the Soviet or Communist bloc, it is in our interest to extend aid.

As I see it, this is a case where we should certainly move heaven and earth to act—and very swiftly, too—in response to U Nu's letter. If, on the other hand, we let this matter drag along and in effect keep postponing a decision, I fear our action will simply force Burma further into the Communist embrace, and quite against the desires of U Nu and certainly at least some influential members of the visiting Burmese military delegation.

[1]Source: Department of State, Central Files, 790B.5–MSP/6–556. Secret. A notation on the source text indicates that it was seen by the Secretary.

If we decide this is the right thing to do, I hope we can move ahead in a matter of days, and not have a repetition of the Ceylon fiasco whereby all kinds of reasons were found to postpone a decision for approximately three months after we had decided, in principle, to move.

I am not sending a copy of this memorandum to anyone else.

DMacA

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42. Memorandum From the Secretary of State to the President[1]

Washington, June 7, 1956.

SUBJECT

Aid to Burma

The enclosed letter to you from U Nu, ex-Prime Minister[2] of Burma, is an additional and frank Burmese appeal for U.S. assistance. It requests reinstitution of grant aid. U Nu points out, however, that Burma's policy of neutrality dictates that it cannot give Battle Act assurances and must make at least token payment in rice for such assistance.

Despite U Nu's resignation as Prime Minister, it is expected that he will continue to head the political coalition which controls the government and that there will be no significant change in Burmese policy.

This letter is being urgently studied in the light of programs of economic assistance for Burma which have already been worked out and which we believe will be acceptable to the Burmese.

I recommend that you approve the enclosed friendly reply to U Nu, which states that I will communicate with the Burmese government after we have thoroughly examined U Nu's proposals. Because of internal political considerations, we do not anticipate that this exchange with U Nu will be released by the Burmese.

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[1]Source: Eisenhower Library, Whitman File, International Series. Secret. Filed with U Nu's May 22 letter to Eisenhower, under cover of Howe's June 19 memorandum to Whitman, cited in footnote 2, Document 40. The date is from a copy in Department of State, Central File 790B.5–MSP/6–756.

[2]U Nu's resignation as Prime Minister was announced on June 5; the new Prime Minister was U Ba Swe.

If you approve, your reply will be cabled to our Embassy at Rangoon for delivery to U Nu.[3]

JFD

[3]The text of the letter from Eisenhower to U Nu, dated June 15, was transmitted in telegram 1270 to Rangoon, June 18. (Department of State, Central Files, 790B.5–MSP/6–1856)

43. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Economic Affairs (Jones) to the Secretary of State[1]

Washington, June 14, 1956.

SUBJECT

U.S. Assistance to Burma

Problem:

How can we implement assistance programs designed to help prevent Burma's further serious involvement with the Communist bloc?

Discussion:

The Burmese on their own initiative have presented us with two unusual opportunities to help them preserve their independence and forestall further Communist advances in Burma They have asked for both economic and military assistance on a continuing basis within a frame of reference which we could and should accept if we are to help prevent Burma's further involvement with the Soviet bloc and if we hope to bring Burma into closer cooperation with the U.S. and the Free World.

These approaches represent an exceptionally significant departure from Burma's previous attitudes toward relations with the U.S. and are apparently motivated by growing concern over their relations with the Communist bloc and by a desire quickly to re-establish a pro-Western balance to Burma's neutrality. However, in the absence of prompt and affirmative responses from us, the Burmese Govern-

[1]Source: Department of State, FE Files: Lot 58 D 209, Burma, 1956–57. Secret. A note on the source text by Kenneth Young indicates it was read by the Secretary. It was apparently given to him at a June 14 meeting among Dulles, MacArthur, Jones, and other Department officials; plans for the meeting are noted in a memorandum of June 8 from Young to Robertson. (*Ibid.*, Central Files, 790B.5–MSP/6–856)

ment will feel it has no alternative but to accept the continuing substantial offers of trade and aid from the Communist bloc. U Nu's resignation may increase rather than diminish the Burmese Government's desire to develop closer relations with the U.S.

A. Economic Aid:

In response to Burmese requests for development loans, we offered in late March to make available to Burma loans of $25 million and the equivalent of $17.3 million in local currency (Tab A).[2] The Burma Government rejected these loan proposals because it considered as unacceptable "political conditions" the prior specific assurances which we had sought in connection with Battle Act requirements. Subsequently the Battle Act Administrator found Burma presently eligible for aid (Tab B).[3] Prime Minister U Nu's letter of May 22, 1956 to President Eisenhower confirms Burmese awareness that the U.S. may be required to terminate aid in the future as a result of possible Burmese actions (Tab C).[4] Inter-agency approval and clearance has now terminate aid in the future as a result of possible Burmese actions (Tab C). Inter-agency approval and clearance has now been obtained to reoffer our loan proposals on a basis which we feel Burma can and will accept.

The only additional issue now requiring decision is the question of grant aid to Burma. U Nu's letter also requests the reinstitution of a grant aid program in addition to loans. In U Nu's words, "Let me make no bones about it. We need American assistance."

FE believes a modest grant aid program should be approved and that funds for this purpose should be in addition to the loan figures already discussed with the Burmese. As there have been only general discussions with the Burmese concerning U.S. assistance, it is difficult to anticipate the projects which might warrant additional grant aid financing. However, we know that the Burmese Government is primarily interested in assurances of sizeable and continuing U.S. aid which can be politically and economically justified as an alternative to Communist bloc assistance. Before beginning negotiations with the Burmese we should have a clear indication of the availability of additional funds for this purpose. Should additional funds not be available, part of the $25 million set aside for loans should be diverted for the establishment of a grant assistance program. A memoran-

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[2]None of the tabs was found attached. Tab A is telegram 989 to Rangoon, Document 31.

[3]Tab B consists of documents concerning Burma's eligibility for aid. Hollister proclaimed the Government of Burma eligible for aid in a memorandum of May 15 to Dulles. (Department of State, Central Files, 460.509/5–1556)

[4]Not printed, but see footnote 2, Document 40.

dum to Mr. Hollister has been prepared asking his views concerning the availability of additional funds for this purpose (Tab D).[5]

On the basis of Mr. Hollister's reply, a substantive answer to the U Nu letter incorporating our renewed loan proposals will be prepared for your approval. A high level State approach to Agriculture probably will be necessary to obtain approval of Burmese token repayment in rice for grant aid, which U Nu's letter stipulates as a basis for grant aid.

B. Military Assistance:

Beginning last January the Department reactivated the 1954 OCB proposal[6] to supply arms and war materials to Burma. Contrary to its previous attitudes, Defense has now taken a negative attitude toward implementation of this proposal although the general sense of the OCB meeting of May 9, 1956 was to proceed with a $5 to $10 million military assistance program which would be worked out between State and Defense utilizing Section 401 of the Mutual Security Act.

In March the Burmese approached Embassy Rangoon with a request for extensive long-range military assistance.[7] However, during General Ne Win's current visit to the United States,[8] Defense has refused to discuss with him Burma's needs or our interest in helping to meet some of Burma's military requirements, although Ne Win is known to have his Government's authority to enter into such talks. State Department working level discussions with the Ne Win group revealed the Burmese are very interested in obtaining U.S. military assistance to build up a modified ten division army over a period of time and to implement defense plans to withstand an invasion by Communist China. The Burmese are especially interested in training large numbers of their defense services in U.S. military schools.

In view of the importance of Burma to the general security of Asia and especially to our SEATO allies, Pakistan and Thailand, it is believed an attempt should be made to assist Burma develop strong friendly defense forces and preclude possible recourse to the Communist bloc for such assistance. It is therefore proposed that we instruct Embassy Rangoon to begin talks with the Burmese Government to implement a $5 to $10 million military assistance program as suggested by the OCB (Tab E).[9]

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[5]The draft memorandum, which was not sent, is in Department of State, FE Files: Lot 58 D 209, Burma, 1956–57.

[6]See footnote 4, Document 24.

[7]See footnote 2, Document 34.

[8]General Ne Win was in the United States, May–June 1956, visiting U.S. Army installations as a guest of Army Chief of Staff Maxwell D. Taylor.

[9]Tab E is a draft telegram to Rangoon that was not sent.

To assure the availability of funds for the limited program contemplated, a memorandum should be sent to Mr. Hollister requesting a Presidential determination under the provisions of Section 401 of the Mutual Security Act for the use of $10 million to implement a limited military assistance program (Tab F).[10]

There is some doubt that the Burmese will accept a limited program without some indication on our part that the U.S. will continue military aid in the future. Overriding is their fear of antagonizing Communist China without obtaining from the U.S. the wherewithal to counter possible Chinese Communist retaliation. On the other hand, the JCS has formally rejected the proposal for long-range military assistance to Burma. Unless Defense is willing to change its position, this issue should be referred to the highest government authority in order to obtain a directive sympathetic to modest long-range military assistance to Burma.

Recommendations:

1. That you sign the attached memorandum on grant aid to Mr. Hollister (Tab D).

2. That you approve a high level approach to Agriculture to obtain approval to accept an appropriate token payment in rice in return for grant aid.

3. That you approve the outlined operations concerning military assistance and through personal discussions with high level Defense officials, attempt to obtain Defense concurrence and cooperation, and that the matter be referred to the President or the NSC if the Defense position remains negative.[11]

4. That you sign the memorandum to Mr. Hollister requesting Presidential determination for the use of $10 million under Section 401 of the Mutual Security Act (Tab F).

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[10]Tab F is a draft memorandum to Hollister, a copy of which, bearing no indication that it was signed and sent, is in Department of State, FE Files: Lot 58 D 209, Burma, 1956–57.

[11]According to a memorandum by Phyllis Bernau of a telephone call made by Dulles on June 15 to Deputy Secretary of Defense Reuben B. Robertson, Jr., Dulles told Robertson that he considered it important from a political standpoint to take advantage of Burma's change of attitude and urged him to discuss the subject further with Assistant Secretary Walter Robertson. (Eisenhower Library, Dulles Papers, General Telephone Conversations)

44. Memorandum From the Counselor of the Department of State (MacArthur) to the Secretary of State[1]

Washington, June 15, 1956.

MR. SECRETARY: I have been giving further thought to the question of economic and military aid for Burma. It seems to me that in the realm of foreign policy, *we are now faced with no problem in the field of Foreign Affairs which is any more important* having in mind the long-term implications of the decision we make with respect to aid for Burma. Burma, in a sense, stands at the crossroads. Our decision may well be decisive in leading Burma down the path of closer relations and orientation towards the West or forcing it into close association and dependency on the Communist bloc. (In a sense, the Burma situation is the situation of Egypt in reverse. With respect to Egypt, the Soviet Government, by its ability to act swiftly and on a sizeable scale, turned the entire Egyptian situation to its own great advantage.)

Over the past 18 months, Burma has seemed to be sliding toward closer association and dependency with the Soviet bloc. It has now recognized the dangers implicit in such a policy—and has turned toward us for assistance to prevent it from becoming dependent on the Communist bloc. If we can *rapidly* exploit this situation, the effect on all the uncommitted and neutralist Arab-Asian States will be tremendous. In effect, it will appear to other Asians that Burma has tried cooperation with the Communists but turned from this because it is not good for Burma. The fact that Burma is a genuine neutral will make the impact all the greater.

I feel we have an opportunity now, in terms of our struggle to hold South and Southeast Asia from Communist penetration, which we cannot afford to miss. In other words, we must find ways of giving Burma economic and military assistance because of the vital effect during the next two or three most critical years.

In my own judgment and in terms of the projection of our position in the Middle East and Asia over the next three or four years, it is infinitely more important to do something for Burma than to have such vast and unrealistic programs in certain of the other countries in Middle Eastern Asia. If, at a time when we are giving over a billion and a half dollars of military equipment and defense support to a handful of countries (i.e., South Korea, Formosa, Vietnam, Pakistan, and Turkey) we can not squeeze out by one device or another enough to at least take care of Burma's minimum requirements, not only this year but for the next two or three years, I do not think we should be in business. I just fear that if we do not take advantage of

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[1]Source: Department of State, Central Files, 790B.5–MSP/6–1556. Secret. A notation on the source text indicates that it was seen by Dulles.

this God-given opportunity which in a sense can reverse the current adverse trend which has been running against us, not only in South and Southeast Asia, but in the Middle East, we may never have another such opportunity.

I crave your indulgence for bringing this matter up again, but I feel desperately strongly that we should mobilize the best efforts of our Government to meet the challenge which the Burma situation presents us with and meet it now. Burma, in a sense, is the key to the prevention of Communist domination of Southeast Asia and we certainly don't want to have another "Egyptian" situation on our hands in Burma in a year or two from now because we did not grasp the nettle. You have so rightly often mentioned the advantage that the Soviet Union has in being able to act swiftly. The Burmese problem is one where we should act swiftly and I earnestly believe that the amounts involved compared with what we are spending throughout the world are such that this Government has the resources and capability also to act swiftly in this case if all elements of the Government understand the opportunity with which we are now presented—an opportunity which may not re-occur if we don't act now.

This is a personal memorandum from me to you and I have made no copies of it and I am not sending it elsewhere.

Doug

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45. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, June 25, 1956.

SUBJECT

Economic Assistance to Burma

Discussion:

The attached cables concern the reopening of economic assistance negotiations with Burma (Tabs A, B and C[2]).

On June 14, 1956 you indicated that a favorable response should be given to U Nu's request for grant assistance in return for a token rice payment. You also noted that additional funds should not be re-

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[1]Source: Department of State, Central Files, 411.90B41/6–2556. Secret. Sent through Under Secretary Hoover, whose initials, indicating his approval, appear on the source text.

[2]The tabs, not attached to the source text, were telegrams 1305, 1306, and 1307 to Rangoon; Documents 47, 48, and 49.

quested but rather a sum of $5 million for this purpose should be taken from the $25 million already earmarked for dollar loans to Burma.

In view of Congressional sentiment and the possibility that grant aid appropriations may be seriously curtailed, Mr. Hollister has informed the Department of his reluctance to commit any funds for additional grant assistance programs and has asked that we discuss only loans with the Burmese at this time.

In the light of Mr. Hollister's position and the difficulties involved in obtaining Agriculture's concurrence to the token rice payment formula, it is suggested that Embassy Rangoon attempt to negotiate loan agreements with Burma, leaving aside the question of grant aid until Burma again raises the subject.

Recommendations:

1. That you approve the above courses of action.[3]

2. That you sign the telegram containing a personal message to Prime Minister Ba Swe as a follow-up to the communications between U Nu and President Eisenhower. (Tab B)[4]

[3]No indication of approval appears on the source text.

[4]All three telegrams were signed by Dulles.

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46. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, June 27, 1956.

SUBJECT

Proposed Rice-for-Technicians Agreement with Burma

Problem:

The agreement with Burma calling for the exchange of $1.1 million of U.S. technicians for an equivalent value of Burmese rice is threatening to founder, on the very day before it is scheduled to be signed, because of U.S. insistence on an oral commitment by the Burmese that they will refer to the U.S. and give the U.S. an opportunity

[1]Source: Department of State, Central Files, 411.90B41/6–2756. Secret.

to veto the employment of individual Americans (see Rangoon niact telegram No. 1470—Tab A[2]).

Discussion:

The Burmese Government has approved the proposed rice-for-technicians exchange of notes, but has unequivocally rejected a subsidiary oral arrangement proposed by ICA providing for ICA prior approval of the technical services contracts (Deptel 984, March 28, Tab B[3]). The Burmese state that in the normal course of events they would be likely to consult with the Department regarding proposed contracts, but they cannot accept an obligation to do so since that would be an unacceptable string and also in view of the fact that the rice-for-technicians exchange is considered a commercial transaction in Burma.

Embassy Rangoon states that, in view of (1) the Burmese statement that consultation with the U.S. on proposed contracts is likely to take place and (2) the serious political repercussions of having the already publicized rice-for-technicians exchange fail because of a U. S. "string", it will affect the exchange of notes on June 29 unless directed to the contrary. (The exchange must be effected on or before June 30 in order to obligate FY 56 funds for this purpose.) However, as Deptel 1294 (Tab C)[4] crossed Rangoon telegram 1470 the Embassy will undoubtedly take no action on the exchange until further instructed by Washington.

This has been discussed with Dr. FitzGerald of ICA who states that Mr. Hollister will not concur in the Embassy's proposed course of action unless directed to do so by the Department. We believe strongly that our political objectives in, and relations with, Burma dictate that we should accept the Embassy's position. It should also be noted that publicity attendant to a breakdown of these negotiations because of "U.S. strings" would provide Communist propaganda a theme which could seriously damage U.S. prestige in the area and elsewhere.

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[2]Not attached to the source text. Telegram 1470 from Rangoon, June 27, reported that U Kyaw Nyein told Braddock that the Burmese Government could not make such a commitment. (*Ibid.*)

[3]Not printed. (*Ibid.*)

[4]Telegram 1294 to Rangoon, June 27, instructed the Embassy to defer the exchange of notes until new instructions could be sent. (*Ibid.*, 411.90B41/6–2656)

Recommendation:

1. That, if you approve the above, you sign the attached telegram to Rangoon (Tab D) and telephone Mr. Hollister to seek his concurrence.[5]

[5]A memorandum by Bernau of a telephone call from the Secretary to Hollister on June 28 records Hollister's concurrence. (Eisenhower Library, Dulles Papers, General Telephone Conversations) Telegram 1303 to Rangoon, June 28, reads: "Concur action proposed your 1470. We do so assuming that Burmese will in fact act reasonably in this matter, and they should be apprised of our assumption." The second sentence was added by Dulles and the telegram was signed by him. (Department of State, Central Files, 411.90B41/6–2756) Telegram 1479 from Rangoon, June 30, reported that the notes were exchanged that day, that Braddock had apprised Barrington of the U.S. assumption, and that the latter had replied, "Naturally we will act reasonably, it goes without saying." (*Ibid.*, 411.90B41/6–3056) For text of the agreement effected by the exchange of notes, see 7 UST (pt. 2) 2189.

47. Telegram From the Department of State to the Embassy in Burma[1]

Washington, June 28, 1956—8:56 p.m.

1305. Joint State–ICA message. Deptel 1138.[2] Battle Act directly controls activities of US Government only not other governments. After complete review, determination reached Burma eligible US assistance.

FYI Following considerations taken into account in review: 1) for foreign policy reasons, assisting Burma urgent priority; 2) because of declared neutrality GUB will not give assurances in manner and form originally requested by US (Deptel 989, Embtel 1246[3]); 3) assurances regarding rubber not vital because licensed exports to CPR only 5,000 tons and Burma's estimated export potential only ten–twelve thousand tons annually which would not greatly change bloc capabilities if all shipped CPR which not probable; 4) Cabinet officer (Kyaw Nyein) has stated to Embassy GUB not contemplating shipping strategic minerals to bloc; 5) no other known potential Battle Act items available in Burma for shipment to bloc or mentioned in Burma's trade agreements with bloc; 6) GUB has licensing controls over strategic goods including rubber which meet objectives Section 202 Battle Act; 7) Burma currently cooperating with US to extent required by Section 203 of Battle Act including supply adequate reports; 8) Burma advised that provision of Battle Act will require (a)

[1]Source: Department of State, Central Files, 411.90B41/5–856. Secret.
[2]Document 39.
[3]Documents 31 and 38.

termination of US assistance if any Title I, Category A items are shipped to Communist bloc, or (b) a determination of the President regarding the continuation of assistance if Title I, Category B goods are shipped to bloc. (Information in final point conveyed Ambassador Win May 11 and 12. U Nu letter to President Eisenhower May 22[4] shows GUB cognizant these Battle Act requirements.) End FYI. Action cables follow.

Dulles

[4]See Document 40.

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48. Telegram From the Department of State to the Embassy in Burma[1]

Washington, June 28, 1956—8:56 p.m.

1306. Joint State–ICA message. You may inform GUB US has made review US assistance to Burma. In light this review you are authorized reoffer GUB following loans mentioned Deptel 989[2] subject to negotiation mutually agreed upon projects: up to $25 million in dollar assistance and $17.3 million in local currency loans from sales proceeds under PL 480 agreement.

GUB may be advised program will be built up over period of time, exact size under ceiling depending upon demonstrated desirability of project proposals and experience gained in implementation of program. US anticipates no formal announcement will be made re contemplated size of program.

Although we recognize indication U Nu letter of interest in grants to be offset by token payment rice, you should indicate US preference for loan on grounds:

a. US aid legislation still uncertain ~~but strong~~ Congressional sentiment exists favor loans rather than grants and possible legislation may contain no grant funds for Developmental Assistance;

b. US acceptance token payment rice difficult for US view our own surplus.

However, if in course negotiations with Burmese you detect strong Burmese interest in at least some portion of US aid on grant basis (say $5 million) with token repayment in rice (say 10,000 tons) and you believe US interest would be greatly furthered by such

[1]Source: Department of State, Central Files, 411.90B41/6–2856. Confidential.
[2]Document 31.

action, Embassy should promptly advise Washington. Washington could then consider matter further in light of legislation as finally enacted.

Secretary's letter[3] supersedes paragraph 2 and Battle Act reference first sentence paragraph 3 Deptel 989.

Implementation loan agreement responsibility ICA and ICA personnel will be assigned to Embassy but ICA does not contemplate establishment mission as separate entity. Minimum of publicity would be given assignment ICA representatives.

If question long-range assistance arises you may point out: US is not in position to make commitments provide any country a specific amount of assistance for a specific number of years, but assistance less-developed countries in development their economies is cardinal principle US foreign policy, and record of US assistance to less developed countries in last decade ample evidence that it has vigorously implemented this policy and year after year has provided steady support to many such countries.

Dulles

[3]See telegram 1307, *infra*.

49. Telegram From the Department of State to the Embassy in Burma[1]

Washington, June 28, 1956—8:56 p.m.

1307. Unless objection perceived deliver following letter from Secretary to Prime Minister:

"Dear Mr. Prime Minister:

I would like to congratulate you on your appointment as Prime Minister and take this occasion to reaffirm my country's warm friendship and to wish you and your Government continued success in satisfying the aspirations and peaceful desires of your countrymen.

President Eisenhower has asked me to communicate with your Government regarding proposals for economic assistance which were made in a letter to him from U Nu, dated May 22, 1956.

As you are aware, my country has high regard for Burma and her people. The United States is prepared to renew economic assistance to Burma in accordance with the spirit of U Nu's letter and I have, therefore, authorized our Embassy in Rangoon to make itself

[1]Source: Department of State, Central Files, 790B.13/6–2856. Confidential.

available to your Government for the negotiation of the terms and uses of the proposed assistance.

I would like to assure you that my Government is favorably disposed to assist your Government in its efforts to help the people of Burma further their economic and social progress and maintain their independence. John Foster Dulles."[2]

Negotiating instructions follow.

Dulles

[2]Telegram 5 from Rangoon, July 2, reported that the Secretary's message was delivered that day through the Foreign Office. (*Ibid.*, 790B.13/7–256)

50. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, July 2, 1956—6 p.m.

6. Joint State/ICA message. Department telegrams 1305, 1306.[2] Accompanied by Usher, I conveyed new loan offers to Barrington July 2, giving him aide-mémoire setting forth terms. Barrington pleased, thought offer "an important step forward".

I explained Battle Act not directly mentioned in offer but it should be understood that, since US still bound by act, we were proceeding along lines suggested U Nu letter: That if US embarked on aid program and later felt obliged by reason of GUB action to terminate program, GUB would understand and continue friendly. Barrington said GUB would understand this frame for offer since it fully discussed when Cabinet considered Nu letter.

Barrington asked to what period of time loan ceilings were expected to correspond, and whether assistance would continue thereafter. I replied that ceiling could be theoretically reached within FY 1957 if sufficient sound projects could be agreed upon, but that only experience would show how fast could go. Re continuance of assistance, I replied per last paragraph Deptel 1306. He asked for something in writing on this to help him answer anticipated questions, and I have sent him informal memo.

My aide-mémoire and memo forwarded Department with despatch 4.[3]

Braddock

[1]Source: Department of State, Central Files, 411.90B41/7–256. Confidential.
[2]Documents 47 and 48.
[3]Not printed. (Department of State, Central Files, 411.90B41/7–256)

51. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, July 31, 1956.

SUBJECT

Military Assistance—Burma

1. Background:

The OCB on October 27, 1954, approved an "Operating Plan for Sale of Arms and War Materials to Burma"[2] providing for grant aid up to $20 million and, subject to OCB approval, the use of Section 401 funds. This plan was not implemented because of British delaying tactics and because the Burmese were unwilling to sign additional agreements required for conventional grant military assistance. With renewed Burmese interest at present, State has sought OCB approval since March 1956, to implement the 1954 "plan" using MSA Section 401 which would permit U.S. assistance without additional agreements and also permit Burmese long range token repayment. It was thought the OCB on May 2, 1956, had approved a modest "one shot" $5 to $10 million military assistance program for Burma under MSA Section 401, but Defense has since made it clear it does not support such a program. As a result of the meeting with Defense July 17, 1956, it has become obvious that the different views of State and Defense concerning military assistance to Burma will have to be resolved by the President.

2. Summary of Defense Position:

(a) Defense opposes military assistance to Burma on any terms other than full reimbursement for equipment and services supplied.

(b) A program of partial reimbursement assistance is in effect camouflaged grant aid and may involve the U.S. in long-term commitments prohibited by NSC Action 1550.[3]

(c) There is no military justification for military assistance to Burma and assistance to a "neutral" might adversely affect existing military alliances.

(d) The U.S. already is overcommitted for military assistance throughout the world and neither funds nor equipment are available for a program in Burma.

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[1]Source: Department of State, Central Files, 790B.5–MSP/7–3156. Secret.

[2]See footnote 4, Document 24.

[3]NSC Action No. 1550, May 3, noted a statement by the President setting forth requirements that had to be met prior to any explicit or implicit commitments of foreign assistance. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1956)

3. Summary of State Position:

(a) State, for political considerations, urges that modest military aid be made available on conditions acceptable to Burma, using MSA Section 401 authority and, if necessary, funds.

(b) Burma is becoming increasingly aware of the dangers of close involvement with the Communist bloc and is seeking Free World alternatives which should be made available if we are to prevent the slow absorption of Burma by the Communist bloc.

(c) The most important anti-Communist grouping in Burma is the military establishment, which merits our assistance to assure continuation and reinforcement of that favorable orientation.

(d) Modest assistance at this time should encourage a gradual shift of Burma's neutralism toward a Free World orientation which not only would have a salutary effect on other neutral nations throughout the world but would also provide an additional factor of security to those of Burma's neighbors allied to the U.S.

4. Current Status:

It was hoped this problem would be resolved when the NSC considered the revised NSC paper on Southeast Asia[4] in which State and Defense differences are clearly underlined in a split recommendation.[5] NSC action was scheduled for early August but now has been postponed until August 30, 1956, and again may be postponed. In view of the desirability of giving the Burmese an early response to their request for military assistance, it appears unwise to await final NSC action on the Southeast Asia paper.

5. Recommendation:

That you seek the President's approval of a modest military assistance program for Burma using MSA Section 401 authority and, if necessary, funds. Memorandum for the President (Tab A) is attached.[6]

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[4]Reference is to NSC 5612, "U.S. Policy in Mainland Southeast Asia," August 15. (*Ibid.*, S/S–NSC Files: Lot 63 D 351, NSC 5612 Series) Documention on the NSC 5612 Series is scheduled for publication in volume XXI.

[5]This split recommendation is in paragraph 36. A Department of State and Office of Defense Mobilization joint proposal reads: "For political purposes, make available at Burmese request, on conditions acceptable to Burma, military aid in modest amounts, using if necessary Mutual Security Act Section 401 funds and authority." The proposal by the Departments of Defense and the Treasury, the Bureau of the Budget, and the Joint Chiefs reads: "Upon Burmese request, make available military equipment and supplies on a reimbursable basis, as consistent with U.S. interests."

[6]Printed as Document 53.

52. Telegram From the Department of State to the Embassy in Burma[1]

Washington, August 7, 1956—7:11 p.m.

142. Rangoon's 157 sent London 9 Bangkok 13.[2] Department studying ramifications Burmese territorial claims along Chinese border in preparation possibility US some time future may be asked support GUB in international forum.

In meantime you may wish assure GUB continued US interest and sympathy towards finding solution this problem.[3]

FYI: Present thinking in view uncertain course Chinese Communist action Burma border dispute and problem Chinese Communist representation UN, would not wish encourage GUB place matter before UN if possibility exists Peiping's active participation UN forum or enhancement Chinese Communist prestige. However, agree little likelihood GUB will seek UN assistance unless Chinese Communists slam door on diplomatic negotiations. End FYI.

Dulles

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[1]Source: Department of State, Central Files, 690B.9331/8–556. Secret; Priority. Repeated to London, Bangkok, and USUN.

[2]Telegram 157, August 5, reported that Satterthwaite had discussed the Burma–China border situation with U Kyaw Nyein, who inquired about the the U.S. position. (*Ibid.*) A few days earlier, press reports had revealed the presence of Chinese Communist troops in certain disputed areas near the border.

[3]Satterthwaite reported in telegram 218 from Rangoon, August 16, that he had so assured Prime Minister U Ba Swe. (*Ibid.*, 690B.9331/8–1156)

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53. Memorandum From the Acting Secretary of State to the President[1]

Washington, August 24, 1956.

SUBJECT

Military Assistance to Burma

Burma appears to have realized the dangers implicit in involvement with the Communist bloc and is now seeking reasonable Free World alternatives for needed assistance. This significant shift in Burma's orientation was candidly manifest in U Nu's letter to you[2]

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[1]Source: Eisenhower Library, Whitman File, Dulles–Herter Series. Secret. A copy is also in Department of State, Central File 790B.5–MSP/8–2456.

[2]See Document 40.

requesting economic assistance. At this time, we are thus provided with an unusual opportunity to encourage Burma's disengagement from the Communist bloc and to strengthen its ties with the Free World.

In addition to economic assistance, Burma also has informally requested U.S. assistance in training and equipping her armed forces for defense against possible Chinese Communist aggression. Because of her neutrality and propinquity to Communist China, Burma is unwilling to enter into alliances with the U.S. or have it appear that Burma is under obligation to the U.S. for military assistance.

The Department of State believes that modest military assistance up to $10 million (permitting Burma to make long range token reimbursements) using MSA Section 401 authority and, if necessary, funds, would be acceptable to Burma and would provide the U.S. an opportunity to assure and reinforce the anti-Communist orientation of Burma's military establishment and the Government in general. It also believes that Burma's increased cooperation with the U.S. will have a beneficial effect on other neutral nations throughout the world.

The Department of Defense opposes military assistance to Burma on any basis other than full reimbursement. It believes that Burma is unimportant militarily and that the U.S. is already overcommitted for military assistance elsewhere.

For some months, attempts have been made in the OCB and elsewhere to reconcile State and Defense views but these efforts have proved unsuccessful. In order to resolve the differences between State and Defense, it is suggested that you may wish to call a conference where Secretary Wilson or his representative and I can present our respective views for your consideration.[3]

Herbert Hoover Jr.

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[3]On August 29, the President discussed this issue with Dulles and Radford. Radford explained that the Burmese request was for a substantial number of divisions and that if we aided Burma "criticism must be expected from both Congress and from countries allied with us, who would also ask for more for themselves." Replying to Dulles' statement that the Burmese are seeing the dangers of communism more clearly now, Radford said that "he did not trust the group in Burma" and thought they were "simply worried by the position in which they now find themselves, and are not, in fact, friendly to the United States". He felt, however, that there might be merit in extending the Burmese aid through Thailand. (Memorandum by Goodpaster, August 30; Eisenhower Library, Eisenhower Diaries)

In a August 29 memorandum to Hoover, Eisenhower agreed to a conference with Hoover and a Defense representative. (Department of State, Central Files, 611.90B/8–2956) The following day, a memorandum from Hoover to Eisenhower replied that in view of the discussion at the NSC meeting (see *infra*) the Departments of State and Defense would make another effort to resolve the issue. (Eisenhower Library, Whitman File, Dulles-Herter Series)

54. Editorial Note

At a meeting of the National Security Council on August 30, the Council discussed NSC 5612, August 15 (see footnote 4, Document 51). The discussion pertaining to the differing recommendations on the question of military aid to Burma (see footnote 5, *ibid.*) reads:

"[Dillon Anderson] pointed out that the State–ODM proposal called for a modest military aid program to be made available to Burma for political purposes, on conditions acceptable to Burma. On the other hand, the Defense–Treasury–Budget–JCS proposal called for making military equipment and supplies available on Burmese request and only on a reimbursable basis.

"After listening to the explanation of this difference of view, the President said he wished to put a question to the Council. Was it not possible to put an aid program technically on a reimbursable basis, even though we knew perfectly well that we would never be repaid for the assistance we had given? Mr. Hollister replied that it was certainly possible to do this. Secretary Dulles pointed out that in fact Burma would insist that, in form at least, any military assistance to her from the United States should be on a reimbursable basis. Admiral Radford warned that any loans of this type would come out of our MDAP funds and thus from the total resources available for our military aid programs. He believed that if we do decide to go in for any military aid program to Burma, it would be best to extend this aid through the agency of SEATO.

"Secretary Dulles reminded the Council of how fluctuating were the positions of the Governments of Burma, Laos and Cambodia. Sometimes they appeared to be moving in our direction, and then suddenly the direction changed and they seemed to move in the direction of neutralism or the Soviet bloc. He added his belief that, as a practical matter, we would have more chance of recouping our weakened position in Laos and Cambodia if we lopped off some of the money we were giving these two states for military assistance and assigned the resources instead to Burma.

"The President expressed the opinion that the version of paragraph 36 proposed by Defense, Treasury, Budget and JCS, was the more correct statement of our policy with respect to military assistance to Burma. As a matter of fact, even though we say this aid will be granted to Burma on a reimbursable basis (as the Burmese themselves desire), we are also pretty certain that we will never get our money back.

"Secretary Dulles then asked if he might invite Under Secretary Hoover to comment on this problem. Secretary Hoover said he thought it would be unfortunate to include the term 'reimbursable basis', because that term had come to have the particular meaning of 'cash on the barrelhead'. Secretary Hoover then called on Assistant Secretary of State Walter Robertson, who briefly commented on Burma's recent request for U.S. assistance. He pointed out that the Burmese prefer reimbursable aid. Actually, however, they only want to be assured that they may make payment for such aid in rice. Assistant Secretary Robertson added that this was indeed the psychological moment to assist Burma if the United States proposed to take

advantage of the current disenchantment of Burma with the Communist bloc. He concluded by pointing out that the Burmese had been authorized to talk with us about the possibility of U.S. military assistance.

"The President then inquired whether anybody could suggest a better word than 'reimbursable'. Various suggestions were made, and the President himself suggested simply striking 'reimbursable' and adding the term 'loan basis'. Assistant Secretary of Defense Gordon Gray pointed out that if we made loans to Burma to provide military aid for political purposes, we would make it clear that there was a distinction between Burma and those countries which we desired to assist as part of our regular military program for military rather than for political purposes. After further discussion, agreement was reached on an appropriate rewording of paragraph 36." (Memorandum of discussion by Gleason; Eisenhower Library, Whitman File, NSC Discussions)

NSC 5612, as amended and approved, was subsequently circulated as NSC 5612/1, "U.S. Policy in Mainland Southeast Asia", September 5. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5612 Series) The section specifically dealing with Burma is printed in Department of Defense Study for Use of House Committee on Armed Services *United States–Vietnam Relations, 1945–1967*, Book 10 (The Pentagon Papers), pages 1090–1091.

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55. Telegram From the Department of State to the Embassy in Burma[1]

Washington, September 20, 1956—3:54 p.m.

308. Joint State–Defense message. President has approved NSC recommendation provide military assistance Burma on loan or technically reimbursable basis consistent with US interests. In attempt implement you should informally discuss with key GUB leaders (possibly Kyaw Nyein, Ba Swe and/or high level Army) to ascertain present GUB interest US military assistance.

If preliminary soundings indicate GUB desires discuss in greater detail possibility modest US assistance, you should find out whether small military mission visit would be acceptable to GUB.

Visiting mission idea discussed with Col. Maung Maung[2] when he visited US would consist of General Erskine and one or two tech-

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[1]Source: Department of State, Central Files, 790B.5–MSP/9–2056. Secret.

[2]Colonel Maung Maung, Director of Military Training in the Office of the Chief of Staff of the Burmese Army, accompanied General Ne Win to the United States,

Continued

nical personnel All would be in civilian clothes and would have ostensible mission some other country in SEA. Visit to Burma would appear casual and incidental. Purpose of mission would be discuss with GUB Defense Leaders plans and requirements as basis determine feasibility and extent US aid possible and desirable.

Type of assistance US currently considering would include most urgently needed equipment and help meet training requirements. We assume GUB would not want any military aid which might be construed as grant assistance. We therefore willing seek formula whereby GUB would pay for equipment and services although this might involve long term token repayment and partial payment in local currency.

US cannot give long term assurance continued US military aid but US has sincere and friendly interest help Burma remain independent and secure. FYI Magnitude program contemplated would be up to ten million dollars total and deliveries might stretch out over several years. End FYI.

Report soonest result your preliminary soundings.[3]

Hoover

May–June. A memorandum of June 25 from General Erskine to Deputy Secretary of Defense Robertson reported a conversation of June 22 with Maung Maung, who stated that he and Ne Win had hoped to discuss the possibility of U.S. aid to Burma during their visit, but had been given no opportunity to do so. Maung Maung suggested that a Defense Department representative come to Burma for discussions on the subject. Erskine's memorandum recommended that this should be done and that up to $10 million be made available for military aid to Burma. (*Ibid.*, 790B.5–MSP/6–2556)

[3]Telegram 440 from Rangoon, October 3, reported that Satterthwaite had informed General Ne Win of the substance of the proposal and had also discussed it with Foreign Minister Sao Hkun Hkio and Barrington, and was awaiting an appointment to discuss it with the Prime Minister. (*Ibid.*, 790B.5–MSP/10–356)

56. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, October 18, 1956—7 p.m.

526. Re Deptel 408[2] and Embtel 518.[3] I consider preliminary conditions essential for success military aid discussions with Burmese are:

(1) Avoidance premature disclosures here or in Washington could expose GUB to opposition attack before it is ready, and,

(2) Avoidance any impression part Burmese that they are being pushed faster than they ready to go.

In line (1) I reiterate my hope (my telegram 518) that Erskine mission will consign [*contain*?] not more than 3 persons; advantages which might be gained by greater specialization (and even these doubtful in early stages since participants on Burmese side likely limited to War Office officials) more than offset by difficulty rendering larger mission inconspicuous in Rangoon. In same connection I would hope that need for preventing leak emphasized in inter-agency discussions these matters in Washington.

In line (2) I should like to emphasize that in accordance Deptel 308[4] and in harmony with what Burmese apparently have in mind, I have described Erskine group as small "military" mission. At least at outset of talks and until and unless careful soundings reveal disposition of Burmese go into other, related areas, I recommend talks be confined to military matters.

Top secret Embassy despatch 231[5] reports status psychological warfare talks, while ARMATT sending separate communication re status training exchange programs.[6] Although need for psychological warfare occupying increasing attention upper echelons army and Minister Information, coordination at government level not yet ap-

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[1]Source: Department of State, Central Files, 102.202/10–1856. Secret.

[2]Telegram 408 to Rangoon, October 12, described preliminary planning in Washington for the proposed Erskine mission and requested Satterthwaite's recommendations. (*Ibid.*, 102.202/10–1256)

[3]Telegram 518 from Rangoon, October 18, reported that U Ba Swe had told Satterthwaite that day that the Burmese Government and Army were "very keen" to accept the U.S. proposal of military assistance, but wanted to have very informal discussions before trying to reach a final agreement. The Prime Minister said the Erskine mission would be welcome to visit Burma in late November, and Satterthwaite assured him that the mission would be as inconspicuous as possible. (*Ibid.*, 790B.5–MSP/10–1756) Erskine's visit was later postponed until February 1957.

[4]*Supra.*

[5]Despatch 231 from Rangoon, October 11, entitled "Progress Report on NSC 1290–d Program in Burma" (Department of State, Central Files, 790B.5/12–2056), was one of a series of despatches reporting on efforts to carry out the recommendations of the OCB paper of November 16, cited in footnote 5, Document 24.

[6]Not found in Department of State files.

parent as to what is needed and how responsibilities to be apportioned as between military and civilian.

I consider favorable attitude thus far of GUB to our approaches presents opportunity which could lead to mutually-beneficial outcome.

I conceive most effective negotiating posture for US patient willingness to explore with them their own concept of their needs and equal patience in explaining to Burmese basic conditions governing granting this type assistance by US.

Satterthwaite

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57. Letter From the Acting Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Ambassador in Burma (Satterthwaite)[1]

Washington, December 10, 1956.

DEAR JOE: Recent communications from the Embassy indicate that several unusual opportunities may be emerging which could have important and far reaching effects on our relations with Burma and on Burma's long-range orientation. The interest of some GUB officials, albeit circumspect, in obtaining U.S. assistance for an undefined program of selective and perhaps mass indoctrination strikes me as a particularly important opening. It has been my belief that the security forces, especially the Army, provide the best hope for political stability and internal security in Burma. The Army approach to USIA and the Army Attaché for assistance in psychological warfare cum indoctrination therefore is viewed as an excellent opening for an important complementary aspect of our plans for military assistance.

From preliminary soundings in the various agencies I can assure you that there is widespread interest in seeing this indoctrination program move along as fast and as wide as is feasible. I gather that one of the basic causes for inertia is that the Burmese don't really know what kind of program they would like to have; another stumbling block probably is the reluctance of GUB leaders to assume responsibility for tying up with the Americans. In discussing these facets of the problem with other agency representatives it was suggested that perhaps what was needed at this time is to fire the Bur-

[1]Source: Department of State, Central Files, 611.90B/12–1056. Top Secret; Official–Informal.

mese imagination with some ideas and preferably ideas from the Asian experience. Thailand, Viet-Nam and the Philippines each have gone through the soul searching process and are now engaged in full-blown programs of psychological warfare, indoctrination and village uplifting; of these the Philippine and Vietnamese examples probably would be the most useful to the Burmese. We therefore are willing to consider financing the visit of Colonel Ba Than and one or two others to Manila, and/or Saigon and Bangkok. I believe after a look see and chat with Asian brothers, the Burmese will be able to block out a more definite program and have a better knowledge of how the U.S. might help. I also believe that such a trip would dispel from Burmese minds any fears they might have of our taking over the country through assistance with such programs.

One other thought on this subject: If you think it advisable, we would also be willing at a later stage to bring Ba Than and one or two others to the U.S. for interagency discussions where he could have the benefit of ideas coordinated with the various interested agencies and their experts.

Turning for a moment to another aspect of the same objective, I feel everything possible should be done to complement the Burma Army's requests for U.S. instructors and for training slots in U.S. military schools. I believe the Defense Department has supplied the Army Attaché with pertinent details concerning the instructors and that we are now awaiting a firm official request from the GUB before moving ahead. We fear the price tag on these instructors might frighten the Burmese and therefore suggest that you might indicate to the GUB that expenses for these instructors are a matter which can be discussed with General Erskine and could likely be taken care of in our military assistance program.

I also believe that Defense has attempted to satisfy most of the requests for training slots; and again, the dollar expense problem—if it is a problem—might well be solved by the military aid program.

. . . . . .

Burmese interest in shoring up the police organizations is not as encouraging, although there is much we could do once the Burmese are willing to discuss the possibility. In view of the opening Kyaw Nyein has given in asking for information concerning how we handle bribery and corruption, we believe it might be useful to have a few top level police officials visit the U.S. to see how bribery and corruption are handled by state and municipal police. This would also provide an opportunity for them to look over our training facilities and to see some of the benefits of possible U.S. material assistance to police establishments in Burma.

When you have an opportunity I would appreciate your comments on these various programs and any ideas you might have as to how we in Washington might assist early implementation. There is much interest around town at the moment and I believe we can expect maximum cooperation from almost everyone.[2]

Sincerely yours,

William J. Sebald[3]

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[2]Satterthwaite replied in a letter to Sebald of January 10, 1957, describing specific developments that related to Burmese use of U.S. training facilities and instructors. (*Ibid.*, 790B.5–MSP/1–1057)

[3]Printed from a copy that bears this typed signature.

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58. Outline Plan by the Operations Coordinating Board[1]

Washington, February 27, 1957.

OUTLINE PLAN OF OPERATIONS WITH RESPECT TO BURMA[2]

Introduction

A. References:

(1) U.S. Policy in Mainland Southeast Asia (NSC 5612/1), approved by the President, September 5, 1956.[3]
(2) NIE 61–56, Probable Developments in Burma, April 10, 1956.[4]
(3) Analysis of Internal Security Situation in Burma (pursuant to NSC Act. 1290–d) and Recommended Action.[5]
(4) Operating Plan on Sale of Arms and War Materials to Burma (Approved by OCB October 27, 1954).[6]

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[1]Source: Department of State, OCB Files: Lot 62 D 430, Burma. Top Secret. Filed with a covering memorandum by OCB Executive Assistant Charles E. Johnson indicating that the Board concurred in this plan on February 20.

[2]In a February 18 memorandum to Hoover enclosing a draft of this outline plan for OCB consideration, Robertson wrote that it did not suggest any new program, but was a listing of programs already being implemented or considered desirable. (*Ibid.*, Southeast Asia)

[3]See Document 54.

[4]Document 36.

[5]See footnote 5, Document 24.

[6]See footnote 4, *ibid.*

B. Special Operating Guidance:

1. U.S. operations in Burma should be conducted in the context of U.S. objectives which are: to prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the free world.

2. Burma's continued political and economic evolution as a free and independent democratic state is important to our basic objectives in both Asia and Africa. Strategically a non-communist Burma is of utmost importance to the security of the Southeast Asian region as a whole and especially to our SEATO allies—Pakistan and Thailand, which flank Burma; politically, Burma has become an important factor in Afro-Asian groupings which are becoming increasingly significant in the formulation of world attitudes and pressures. For these reasons, every effort should be made to insure the internal security of Burma and to encourage economic and political stability which will make communist domination impossible by means other than invasion. Special thought should be given the problem of preventing the acquisition of hegemony over Burma by Communist China through "massive penetration."

3. Two important factors in Burma's orientation have overriding significance in U.S. policy consideration: a growing but still insufficient awareness of the communist threat to Burma's independence and a compulsion to neutrality in world affairs motivated largely by an unprotected thousand-mile border with Communist China, by fear that involvement in another world war would ruin Burma, and by emotional nationalism which is suspicious of any larger power, especially one associated with memories of white man's past colonial domination.

4. Burma has agreed to accept Russian experts who will provide technical advice in numerous fields. Burma also has accepted Russian gift offers to construct, equip and staff a technological institute as well as to build an exhibition hall, hotel, stadium, swimming pool complex (Burma will reciprocate with a rice gift and assume local currency costs). Nevertheless, significant Burmese elements are becomming increasingly aware of international communist tactics and are now seeking means to counter that threat.

5. Given this improved climate, the U.S. now is in a better position than ever before to influence Burma toward a closer cooperation with Free World activities and identification with Free World objectives.

6. However, Burma's avowed neutrality and scrupulous avoidance of entanglement with the major power blocs limits both the scope and mode of U.S. assistance to and influence in Burma. The GUB will not often take public positions favoring the U.S. and the Free World in problems involving conflict with the communist bloc. It also may often appear that Burma's neutrality favors the communist bloc. These are factors which should not distract us from seeking our basic objectives as long as the GUB displays a determination to prevent Burma's loss of independence or freedom of action.

7. Our posture toward Burma should be friendly and should seek to avoid embarrassing the government by requiring overt support for U.S. objectives in other countries than Burma.

8. Any economic, military, psychological, or police assistance programs should be carried out in a friendly spirit of cooperation and with a minimum of obtrusive U.S. action. Patronizing attitudes or demands for approbation would tend to minimize our limited potential for effectiveness.

9. Burma has recently indicated an inclination to become associated more intimately with the United States in connection with certain economic, military and psychological projects. In implementing aid programs for Burma, care should be taken to assure that procedures be simple and effective; and that any deliveries are timely and compatible with Burma's requirements. The Burmese should be reassured also that U.S. sales of surplus agricultural products, under P.L. 480, will be made in such a way as not to disturb Burma's natural rice export markets. In this connection, special attention should be paid to help the Burmese improve the quality, processing and storage of its principal crop, rice.

10. Whenever the opportunity presents, encouragement should be given the Burmese to develop such industries as minerals and lumber, and to the processing of these products, thus increasing its exportable products and reducing Burmese dependence on rice sales. In order to provide some assistance to Burma's current four year economic development plan, the U.S. should consider sympathetically further P.L. 480 programs for Burma, to be made in such a way as not to disturb other free countries' markets in Burma.

11. Information programs should be directed primarily at the government, both civil and military officials, at the schools, and at the press, and should, as appropriate, support the Burmese Government in its anti-subversive programs. If the Government of Burma desires U.S. assistance, and support, programs should be prepared to offer material assistance, primarily in the areas of publications, exhibits, and motion pictures, as well as such technical and program advice to the information agencies of the Government of Burma.

12. Any military assistance provided Burma should be aimed to meet Burmese internal security needs and should not be inconsistent with U.S. and SEATO objectives in connection with the overall strategy for the area.

13. Maximum advantage should be taken of opportunities arising out of Burnese-communist bloc barter trade difficulties.

[Here follow a list of United States commitments and understandings and a list of actions agreed upon, with citations to NSC 5612/1 and indications of the agencies responsible for each action and target dates.]

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59. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 1, 1957—5 p.m.

1123. Pass Defense. During private discussion yesterday afternoon between General Erskine[2] and [name deleted] following points were brought out:

[Name deleted] said he had been directed contact Erskine to inform him regarding results of meeting held by 3 Cabinet members including Prime Minister Ba Swe and 3 senior military officials including General Ne Win and himself regarding anxiety existing among these officials about accepting military aid from US. . . . These officials were extremely concerned regarding their interpretation of term "modest" amount of military aid. They are quite insistent that a "substantial" amount of equipment must be furnished in order prevent serious embarrassment to government by opposition as well as loss of face internationally. Spokesman stated that government considers decision accept assistance from US even though it be on reimbursable basis by token payment is in reality "alignment" with US. It was emphasized that such an "alignment" would cause great damage to government unless substantial amount equipment is provided to enable government to prove wisdom of their decision.

Spokesman also stated that it is this group's desire to accept military assistance including US instructors and advisers on contract basis but they have doubts re wisdom this course unless they are assured that substantial assistance can be furnished and that imple-

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[1]Source: Department of State, Central Files, 790B.5–MSP/3–157. Top Secret.

[2]General Erskine, accompanied by two military officers, visited Burma February 26–March 8.

mentation of informal agreement can be carried out in expeditious manner.

In reply to questions [name deleted] stated that Zhukov[3] had offered Prime Minister an open invitation to send mission to Russia in near future to look at all their equipment and select types and quantities desired. No mention was made by Zhukov of method of payment if any. In answer to question as to whether Burma realized that Russians would demand payment later in form which might not be acceptable to present government, spokesman stated that he and other members this high level group hated Communism and Russia and desired no dealings whatsoever with it. They were deathly afraid of any deals with Zhukov and his colleagues, he said, but if substantial aid was not furnished in reasonably expeditious manner by US pressures were so great that they might be pushed into accepting some form of offer from Russians if they could not make other arrangements. With regard other arrangements he stated they were exhausting every possible means finding money to purchase equipment from non-bloc countries and intended do so to limit their ability even though US did provide substantial aid. Spokesman implored Erskine to realize that situation now was simply one of a competition between the bloc and US and it was opinion of Prime Minister and others represented in group's discussion that Zhukov would give equipment to Burma if he feels it is his last opportunity to beat out US.

He further asked that US understand that Burma does not wish to accept anything from any country but desires to begin a program of military assistance from US provided it can be furnished without compromising neutral policy which the Burmese feel they must follow in the existing situation.

Spokesman also said that Cabinet considered decision to accept US military aid to be most agonizing and difficult one they have been confronted with.

In reply to question regarding U Nu's[4] knowledge or participation in discussions referred to by the high level group, spokesman stated that U Nu did not participate in discussions but was aware of the decision and that U Nu had instructed the military group before he left office as Prime Minister to obtain military assistance from US if it could be procured without compromising in any way his neutral policy. [Name deleted] claimed that U Nu stated at time that this caution must be exercised because of Burma's weakness. He said that U Nu pointed out his great fears that this association with US would probably cause an intensification of Communist penetration and sub-

[3]Zhukov visited Burma February 10–15.

[4]U Nu resumed the position of Prime Minister on March 1.

version which Burma Government would not be able to deal with unless arrangements made for military assistance could be executed in such manner that they would deter any such aggressive operations by the Communists.

Erskine is well acquainted with [name and title deleted] and believes that he was speaking sincerely.

Erskine, during conferences with various staff officers and his visit to paratroop school and all air force installations in Rangoon and vicinity (including fighter-bomber squadron), was impressed with outstanding performance in every category and unusual initiative and enthusiasm which was demonstrated in spite very meager and obsolescent equipment.

Erskine left this morning for trip to military establishments in north and will return here afternoon March 6. He would greatly appreciate any guidance you can give him in light foregoing before his return.

Satterthwaite

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60. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 5, 1957—5 p.m.

1142. Pass Defense. Deputy Prime Minister for Defense U Ba Swe (he ceased being Prime Minister February 28) sent for me this morning to discuss subject General Erskine's visit. Foreign Office Permanent Secretary Barrington was also present.

U Ba Swe said that from conversations held so far with General Erskine and his staff Burma had impression we were principally interested in helping them fight insurgents. While Burmese do not underestimate importance such assistance and would certainly hope use any equipment furnished by us for that purpose they feel they have adequate or nearly adequate military equipment for internal security. (Erskine's report may bear this out.) What Burmese military establishment is primarily seeking, he said, is to increase its strength to two division level in order have sufficient strength to deter aggression from outside. They have turned to US in hope obtaining such aid. If they cannot get it from us they will have go to any other source they can find as they are determined build up their military

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[1]Source: Department of State, Central Files, 033.90B11/3–557. Top Secret; Priority.

strength to that level in belief it necessary to prevent external aggression. . . .

Foregoing is essence of conversation lasting more than half hour in course which several points mentioned in Embtel 1123[2] were discussed, with emphasis on fact that GUB feels that in order defend its action in accepting American military assistance it must receive it in substantial amounts even though this be over long period of time. Ba Swe did not say that in doing so Burma would be aligning itself with west but did imply that if world situation became critical it would amount to that if Burma were receiving American military equipment and training.

I told U Ba Swe I was glad he had sent for me as I had been concerned that military assistance desired by Burma, as set forth by Burmese defense chiefs during Erskine's first three days here, apparently envisaged amounts which seemed be considerably beyond modest assistance we had suggested. Furthermore amount aid desired seemed involve long term assurances of continued military aid, although our original terms of reference as given them last October made it clear we could give no such assurances at this time. We had indeed suggested keeping General Erskine's visit as confidential as possible in order avoid any embarrassment to his government should we fail reach agreement.

In reply my questions Ba Swe confirmed (Embtel 1093)[3] that it would be some months before Burma would send military mission to Soviet Union and they hoped very much that they would not find it necessary accept any military assistance from that source. I said I was sure they were fully aware of dangers involved in accepting arms from Soviet Government since Soviet Government would certainly insist on sending military mission or experts along with the arms and I could not believe that Burmese Army with Soviet equipment and technicians would serve as much of a military deterrent against attacks by Communist China for example.

In response to my observation that it was as he would understand more difficult for my government furnish arms to neutral nation than one committed to our side, Barrington raised subject of large amount military aid we had given admittedly Communist Government of Yugoslav. I said this was true but that of course circumstances of Yugoslav and Burma from military standpoint were very different.

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[2]*Supra.*

[3]Telegram 1093 from Rangoon, February 23, reported that U Ba Swe had informed Satterthwaite of Zhukov's invitation to him to send a Burmese military mission to the Soviet Union. (Department of State, Central Files, 033.6190B/2–2357)

In concluding conversation I suggested that wisest course was await return of General Erskine from his trip to North tomorrow afternoon, to have frank discussions during his last two days here (Ba Swe will be seeing him again March 8) and then await his return to Washington in order see what he can work out there. U Ba Swe agreed that this was good advice. He had said previously military equipment we furnished need not be of "first or even second category" meaning I assume in newness.

In reply his expressed hope decision could be reached soon I said I was sure we would do our best to reach early decision. I pointed out however that our original offer had been made several months ago and that in the meantime end of our fiscal year was getting closer.

Comment: My own guess but only a guess is that Burma will exert every possible pressure on us to obtain assistance of substantial amount but will settle for something less if necessary. In latter case we must envisage probability they will seek and perhaps also obtain military assistance from other governments including Soviet Union.

Satterthwaite

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61. Telegram From the Department of State to the Embassy in Burma[1]

Washington, March 5, 1957—8:15 p.m.

965. Your 1123.[2] Fully appreciate GUB dilemma but believe US military assistance program can be implemented in manner which will not compromise Burmese position non-alignment. While program we have in mind modest in comparison many military assistance programs, it in fact perhaps not small for Burma's immediate requirements.

Even with treaty allies not possible for US make future commitments military assistance, and with Burma we have no precedent evaluate how satisfactory US military assistance may be from either country's point of view.

We hope US can be of assistance now help Burma obtain needed and desired training and equipment to improve internal security. Willing work out formula whereby all assistance now provided appear reimbursable. Experience this program would then provide

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[1]Source: Department of State, Central Files, 790B.5–MSP/3–157. Secret.
[2]Document 59.

basis for both US and GUB examine desirability and extent future assistance.

Should foregoing reasoning be unacceptable Burmese, you can note unusual nature of request and explain final decision will require US top level consideration after your report.

Dulles

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62. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 9, 1957—1 p.m.

1167. Pass Defense. Defense pass General Erskine, Manila. Deptel 965.[2] Erskine returned from trip northern Burma March 6 and was fully occupied remaining two days here with further visits to army installations and talks with General Ne Win and staff. Yesterday we called on Prime Minister Nu and Defense Minister Ba Swe, accompanied by Colonels Nash and Blencoe[3] and service attachés, followed by luncheon given by Ba Swe for same group and wives. Erskine mission departed last night.

Because of many appointments made for him General Erskine found it impossible prepare brief summary report[4] before his departure but will endeavor do so in Manila. (He by-passed Bangkok at Ambassador Bishop's suggestion.) He told me he was however greatly impressed by high standards he encountered during his visit, by enthusiasm of officers he met and by excellent staff work of High Command in preparation for his visit.

Points made Deptel 965 were helpful in course our conversations yesterday. With Nu we spoke only in generalities. Ba Swe had suggested this and Nu did not ask any detailed questions. He was however most cordial and expressed sincere wish for Erskine mission's success. Colonel Aung Gyi was only other Burmese present this interview.

At final meeting with Ba Swe and Colonel Aung Gyi we asked about future channels communication. They requested that communications pass from Washington through this Embassy and that Colonel Thelen[5] pass them on to Colonel Maung Maung. They said

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[1]Source: Department of State, Central Files, 790B.5–MSP/3–957. Secret; Priority; Limit Circulation.

[2]*Supra.*

[3]Presumably the two officers accompanying Erskine.

[4]Not found in Department of State files.

[5]Army Attaché Colonel Edward F. Thelen.

they would keep Burmese Foreign Office informed in general terms but not of details. Ba Swe and Aung Gyi specifically requested that Burmese Embassy Washington not be informed these conversations and that no communications on subject Erskine mission be forwarded through Burmese Embassy.

Since Burmese High Command shared with General Erskine what it described as "all its secrets" including set up its intelligence school, Erskine and I agree on importance restricting information obtained by Erskine and Colonels Nash and Blencoe to those persons who have need know and that under no circumstances should this information be shared with any foreign government.

We found it unnecessary issue press release although photograph of General and party taken in Mandalay under caption "Major General Erskine of US Army Mission" was published in one Mandalay and two Rangoon papers.

Erskine informs me that amount military equipment desired has been scaled down and placed in order priority in realistic manner. His report must of course speak for itself but in view foregoing and my conversations with Erskine I feel much more optimistic than hitherto over possibility reaching agreement satisfactory both sides.

Satterthwaite

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63. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 21, 1957—10 a.m.

1206. Pass Defense. During my visit with Nu this morning[2] I discussed our offer military assist briefly. I said our policy was simply one of doing what we could to help Burma maintain its independence and security. I recalled that when he first raised question of American economic assistance he had said that he would be agreeable to making token payment only in return. In connection with military assistance we had now been able make such an offer. We were however concerned with substantial amount military assistance

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[1]Source: Department of State, Central Files, 790B.5–MSP/3–2157. Secret; Limit Circulation.

[2]Satterthwaite reported further on the conversation in telegrams 1205 and 1207 from Rangoon, March 21. The former reported discussion pertaining to U Nu's pending visit to Kunming in the People's Republic of China; the latter that U Nu had expressed confidence in the Burmese Government's ability to cope with insurgents and with Soviet and Chinese attempts at penetration. (*Ibid.*, 033.90B93/3–2157 and 790B.00/3–2157)

Burmese defense officials thought essential. I assured him however we would do everything we could to give them needed assistance.

I said I was also concerned however with fact that Zhukov had also offered military assistance and wondered whether in his view it was necessary for his government accept military assistance from Soviet Union as well. He did not reply to this directly but said that during Bulganin and Khrushchev visit (December '55) latter had offered military assistance but recommended Burma not accept it because this would lead to interference in affairs from other governments (clearly meaning western powers). U Nu did not believe Zhukov had offered military assistance but said he had not had time to go into military matters in any detail since resuming premiership. I said my understanding was that in inviting Burmese military mission visit Soviet Union Zhukov had at least by implication offered military assistance. He replied that while he was uninformed about this he did not feel it should interfere with assistance from US.

I said that of course if Soviets gave military assistance they would want furnish Soviet military experts. In our case it would be necessary if we furnished some types military equipment send Americans along to show how operate it. They would however be civilians, perhaps retired army officers, acceptable to Burmese Government. U Nu said he understood this and had no objection as long as such technicians were in pay his government and subject to its control.

Satterthwaite

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64. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 30, 1957—8 a.m.

1248. On eve my departure domestic political situation in Burma while apparently stable governmentally, contains disquieting elements. U Nu is only government leader enjoying widespread popular support and international stature. His position in hierarchy momentarily strengthened by his feat in reassuming Prime Ministership.

Parliamentary opposition, while competently if not inspiringly led, not in position seriously challenge government prior to scheduled 1960 elections. Insurgency still remains major problem, causing Burma lag seriously in economic development and giving rise to in-

[1]Source: Department of State, Central Files, 790B.00/3–3057. Secret.

creasing discouragement of population. Government processes seriously crippled by administrative inefficiency and lack of qualified personnel, while Communist control of campus student organization and lowering of scholastic standards hampering efforts build up reservoir trained younger personnel.

Sino-Soviet policy towards Burma (in which ChiComs apparently assigned major role) reemphasizes [*emphasizes?*] protestations of friendship, constant contact through economic and cultural missions, exchanges high level visits, selected economic aid. At same time ChiCom continuing infiltration activities and penetration overseas Chinese community. Soviet and satellite diplomatic representatives (Polish, Czech and Rumanian), have apparently been carefully chosen and are pleasant, plausible men speaking English fluently.

Government leaders aware danger but hard put to find effective means of countering without running risk offending powerful ChiCom neighbor whom they greatly fear. Sino-Soviet objectives obviously to deny Burma to free world, create economic ties to enmesh this country, and eventually draw it into Sino-Soviet sphere of influence. Attractions are obvious: Food and other raw material supplies, colonizing space, and access to Bay of Bengal and Indian Ocean. Two guide-lines Burmese foreign policy are neutralism and anti-colonialism. These are intertwined and mutually sustaining; they stem from early doctrinaire convictions of group which fought for and achieved Burmese independence but have since been reinforced by fear of third world war and uneasiness over presence on Burma's long and unprotected frontier of militant, expansionist ChiCom regime. Thus far Sino-Soviets have been more successful than free world in manipulating these concepts to own advantage with result that while Burmese Government leadership basically convinced Burma has less to fear from free world, they find it easier to agree publicly with hypocritical generalizations ChiCom and Soviets about peace, freedom, democracy, et cetera, than with our more specific pronouncements and attitudes.

This situation imposes definite limits on our approaches to Burma. But we have in our favor underlying antipathy of most Burmese to communism and fear of Communist China. Our approaches must be based on patience and attitude of steadfast friendliness. We should be alert to seize whatever opportunities arise to demonstrate to Burmese that we understand problems and are willing to help in mutually acceptable ways. At same time we must continue to maintain through our information program and personal contacts constant flow of informational material and persuasive argument to demonstrate to Burmese that only real danger to their independence is from Communists. This will have to be long-range double-edged effort aimed at calming Burmese apprehensions over involvement on our

side as well as pointing up dangers on other side. Particularly important will be our quick exploitation of special situations (like Hungarian) which strike responsive chord in Burmese and provide opportunities for directing Burmese sentiment toward side of free world. It will, of course, remain desirable to encourage friendly relations between Burma and such countries as the Philippines and the Republic of Vietnam, placing emphasis on common experience as former colonies now working out their national destinies in freedom.

US position in Burma seems as favorable at present as at any time since independence. We have gained kudos by our stand on invasion of Egypt and on suppression Hungarian independence movement. Problem Nationalist Chinese irregulars, while still smoldering, no longer source of active irritation, and Burmese do not get excited about, although they consistently deplore our position on China in UN and our espousal of SEATO.

PL 480 agreement[2] is recognized by GUB as having been of great importance to Burma's economy and aid for technicians agreement[3] has also made favorable impression. Loan agreement signed March 21[4] could, if carefully implemented by US, prove landmark in re-establishing confidence in our intentions and good will which were damaged by grievances over previous aid frictions and Chinese Nationalist affair.

We cannot expect immediate results in terms of foreign policy orientation, but I am optimistic that we have a good base for patient, long-term effort.

Separate telegram on economic outlook follows.[5]

Satterthwaite

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[2]For text of the agreement, signed at Rangoon on February 8, 1956, see 7 UST (pt. 1) 219. It was amended by an exchange of notes at Rangoon, December 4, 1956, to provide for a U.S. loan of $17.3 million to Burma; for texts of the notes, see 7 UST (pt. 3) 3267.

[3]See footnote 5, Document 46.

[4]For text, see 8 UST (pt. 2) 1862.

[5]*Infra.*

65. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, March 31, 1957—2 p.m.

1249. Supplementing Embtel 1248[2] following is economic outlook in Burma as we see it:

Realization of benefits US and other foreign aid depends upon crushing insurgents and establishing internal security. Success in this would ensure prosperity based on abundance rich natural resources. Ultimate dollar repayment US loans could then be made without undue strain on economy. Opportunity would be opened up for significant and mutually valuable US investment in minerals and rubber. If present state insecurity long continues, significant further improvement economic situation unlikely and degeneration into hopeless economic chaos becomes real possibility.

Putting aside this predominant consideration, rest of economic situation emerges as follows:

Exports of rice (about 80 percent total exports) have been steadily, although slowly, rising recent years. Minerals and timber exports also rising slowly. Value of imports was down in first quarter 1956, but believe when later figures become available will show rising trend due PL 480 and more generous allocation foreign exchange for consumer imports. Balance of trade favorable. Foreign exchange position, consumer price indices, current circulation appeared fairly well stabilized during last quarter 1956, but first of these moving down during first quarter 1957 due slow receipts from rice exports, while latter two moving upward due as yet unanalyzed but presumably temporary factors. GNP rising gradually. About 23 percent going for gross capital formation. Relatively good progress with steel mill, jute mill, pharmaceutical plant, [garble] refinery, and number other recently constructed plants for processing Burma raw materials in various stages approach full production. Government policies tending towards realization need encourage private enterprise and private foreign investment. Progress being made in development power, transport and communications. Barter trade with Communist bloc phasing off rapidly.

Although some progress evident, it is so slow that Burma still not back to pre-war GNP and is rapidly falling further behind rest of world. Aside from lack internal security, big problems at moment are government interference with importation and distribution consumer goods, inefficiency and lack skilled managers and technicians, inadequate means mobilizing private capital for longterm investment and

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[1]Source: Department of State, Central Files, 890N.00/3–3157. Confidential.
[2]*Supra.*

prospect diverting some $50 million worth resources into construction of uneconomic Soviet "gift" projects.

Satterthwaite

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66. Memorandum of a Conversation, Department of State, Washington, April 26, 1957, Noon[1]

SUBJECT

Courtesy Call on the Secretary by U Ba Swe[2]

PARTICIPANTS

U Ba Swe, First Deputy Prime Minister of the Union of Burma
Ambassador U Win, Burmese Embassy
U Than Hla, Counselor, Burmese Embassy
The Secretary
Mr. Walter S. Robertson, Assistant Secretary, FE
Mr. Lewis M. Purnell, Burma Desk Officer, FE/SEA

U Ba Swe expressed his appreciation to the Secretary for receiving him despite the Secretary's heavy schedule. The Secretary, in reply, commented that the Middle East situation had required a lot of attention and he stressed the importance of preserving the integrity of Jordan against subversion from Syria and Egypt and at the same time preventing the conflicting interests of Syria and Egypt on the one hand and Iraq and Saudi Arabia on the other from developing into a friction which would affect the whole area.

The Secretary recounted his trip to Rangoon in March 1955 and U Ba Swe expressed regret he unfortunately had been detained away from Rangoon during the Secretary's visit.

To the Secretary's queries U Ba Swe explained that Burma's internal security had improved as had the economic situation and that he thought Burma's border problem with Communist China would be successfully resolved. U Ba Swe expressed the hope that the Secretary understood Burma's neutrality and friendliness with Communist China was motivated by the necessity to get along with Communist China in view of a thousand mile common border.

The Secretary said that he could appreciate Burma's position and cited Finland as an example of a country which through friendliness and firmness had maintained its independence in an extraordinary way. He said Finland is perhaps one of the greatest examples of how

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[1]Source: Department of State, Central Files, 611.90B/4–2657. Confidential. Drafted by Purnell.

[2]U Ba Swe was on an unofficial visit to the United States.

a small nation with firm resolution can maintain itself when faced with danger. The Secretary commented that the satellites, Czechoslovakia and Hungary for example, would be more satisfactory to both the USSR and others if they were like Finland. He said Ambassador Bohlen[3] believes the Soviet leaders would like to see the satellites develop like Finland because the present trend is producing regimes and attitudes unfriendly to the USSR. The Secretary noted that the problem now is that the Soviets may have gone too far to change their relationships with the satellites.

The Secretary inquired about U Nu and asked how Burma's relations with Japan were developing. U Ba Swe commented that Burma's cooperation with Japan is beginning on a small scale but developing satisfactorily. The Secretary spoke of Japan's impressive economic recovery but noted Japan's dependence on outside markets and raw materials and commented that the uncertainty of those markets and raw materials as well as Japan's population pressures make her nervous.

Ambassador Win asked the Secretary to comment on U Nu's suggestion for a meeting between President Eisenhower and Marshal Zhukov.[4] The Secretary apologized for not having replied to U Nu's latest letter on the subject and commented that it is very difficult to give satisfactory comment in writing and that he therefore welcomed the opportunity to discuss the problem with U Ba Swe because he had discussed U Nu's proposal with the President on several occasions and at great length. The Secretary said the President doubts Marshal Zhukov would be allowed to enter into any discussions where he would be a free agent. When the President met privately with Marshal Zhukov at the Summit Conference in 1955,[5] the President felt Zhukov was grinding out the official Kremlin line and was not speaking with any freedom or independence. The President found Zhukov's attitude very different from that the President had known in Berlin at the end of the war when Zhukov spoke with an air of authority and at times contempt for the civilian leaders in the USSR. The Secretary noted that Zhukov reportedly had commented that he thought President Eisenhower had changed; President Eisenhower also thinks Zhukov is different.

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[3]Ambassador to the Soviet Union Charles E. Bohlen.

[4]U Nu initially made this suggestion in a conversation with Marshal Zhukov during the latter's visit to Burma, before U Nu resumed the position of Prime Minister. (February 16 telegram from U Nu to Ambassador Win, filed with Sebald's memorandum of the conversation, February 25; Department of State, Presidential Correspondence: Lot 66 D 204, Dulles–U Nu Correspondence)

[5]For documentation on the Geneva Summit Conference of 1955, see vol. v, pp. 119 ff.

The Secretary said the President would welcome talks with any Russian where there could be a real exchange of ideas but from the Summit experience the President doubts Marshal Zhukov could be anything but an automatic mouthpiece of the Kremlin leaders Molotov, Khrushchev and Bulganin, and that if he were otherwise he would not be permitted to talk to the President. The Secretary noted that such being the case, it probably would be better for the President to speak with the leaders themselves.

The Secretary emphasized that the President shares the concern which Zhukov expressed at the likely use of atomic weapons in future wars. The Secretary explained that no one abhors that possibility more than the President, who in private conversations with him, constantly remarks how terrible an atomic war would be and reiterates the necessity to prevent such a development.

The Secretary expressed the hope that something might develop from current disarmament talks but noted we will not disarm ourselves merely on the USSR's promise which cannot be checked; from our experience such a course of action would be dangerous.

The Secretary reviewed his recent conversations with a Japanese delegation concerning the value of Soviet promises. The Secretary said he told the Japanese that the USSR had declared war on Japan at the end of the war[6] and only for the purpose of getting in on the booty and spoils. The Japanese prisoners of war which the USSR agreed to return only now are beginning to be released. As an aside, the Secretary recalled the London Foreign Ministers' Conference in 1945[7] where Secretary Byrnes[8] raised the question of the USSR's returning Japanese prisoners of war. Molotov[9] commented at that time that the USSR had agreed to repatriation only to get Japan to accept the surrender terms and that having achieved that, the USSR was not concerned about implementing the repatriation promises.

The Secretary commented that the stakes now are too great for the U.S. to disarm until we can get reliable assurances that the Soviets will do likewise. Referring to the President's proposal for overflight inspection,[10] the Secretary noted that this is an example of our willingness to live up to our promises. He said the USSR seems to be edging closer to some form of disarmament and that from the London disarmament conference may come the beginning of inspection and controls—not adequate, but a start from which we may be able to develop something effective.

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[6]August 9, 1945.

[7]For documentation on the conference, see *Foreign Relations*, 1945, vol. II, pp. 99 ff.

[8]Secretary of State James F. Byrnes.

[9]Molotov, at that time, was Soviet Foreign Minister.

[10]For text of the President's proposal, made at Geneva on July 21, 1955, see Department of State *Bulletin*, August 1, 1955, pp. 173–174.

The Secretary expressed the need to prevent the spread of atomic weapons throughout the world and noted that so far the U.S., USSR, and to a lesser extent the U.K., were the only countries which possess such weapons; all of whom have a stake in peace and are not likely to wish war. Elaborating, the Secretary commented that the USSR now has an economic plant which they certainly do not want to see destroyed. The Secretary emphasized that atomic weapons must not be permitted in the hands of those who do not have such a stake and who may use such weapons recklessly. He noted in this connection our proposal at London to prohibit the use of new fissionable material for weapons. He said such a plan would stop the spread of atomic weapons throughout the world and added that we now are awaiting the USSR's reply to our proposal. The Secretary commented that we do not believe it would be wise for us to disarm unilaterally because the USSR might not subsequently disarm but rather detonate a war. The Secretary reiterated our objective in preventing a war which might obliterate all of humanity.

Comment:

After leaving the Secretary, U Ba Swe expressed great pleasure in the Secretary's having given forty-five minutes of his valuable time and volunteered the comment that the Secretary was a great statesman.

At U Ba Swe's instruction U Than Hla later asked Burma Desk Officer to call to the attention of the Secretary and Mr. Robertson an additional point which U Ba Swe wished to make to the effect that before leaving the prime ministership U Ba Swe had set forth in writing to Chou En-lai Burma's firm position on a border settlement and that U Nu's subsequent talks with the Chinese Communists would not alter that position.

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67. Memorandum of a Conversation, U Than Hla's Residence, Washington, May 25, 1957[1]

SUBJECT

U.S. Military Assistance

PARTICIPANTS

U Ba Swe, First Deputy Prime Minister, Union of Burma

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[1]Source: Department of State, Central Files, 790B.5–MSP/5–2557. Secret; Limit Distribution. Drafted by Purnell.

U Than Hla, Counselor, Burmese Embassy
Mr. Kenneth T. Young, Jr., Director, SEA
Mr. Lewis M. Purnell, Officer-in-Charge, Burmese Affairs, SEA

During a farewell call on the Deputy Prime Minister at the home of U Than Hla, Mr. Young suggested that it might be useful to have an informal discussion of several pending problems before the former departed from Washington. U Ba Swe immediately agreed.

To clarify the status of U.S. military assistance to Burma, Mr. Young called attention to General Erskine's mission to Burma and remarked that General Erskine's report[2] and Burma's request for equipment were being reviewed by the experts around Washington at the working level. No policy decision had been made and none would be for a month or two at least. He added that it is now impossible to say whether the U.S. can be of assistance in view of pending Congressional action on budget requests. Mr. Young asked U Ba Swe whether the Burmese request for military assistance had GUB approval and if the GUB were seriously interested in our trying to work out a program of military assistance.

U Ba Swe replied that the request for military assistance had the approval of the Burmese Defense Council and had been cleared with the Prime Minister. He said Burma very much wants U.S. assistance—not only equipment but also U.S. expert training both in Burma and abroad. He added that after the last failure to obtain U.S. assistance in 1955 the GUB is handling current requests with much more caution and reserve. In elaborating the kind of military assistance Burma desires, U Ba Swe said it is generally agreed that the Armed Forces have enough arms to take care of internal disturbances. However, Burma will need help to build up forces to protect Burma's integrity and independence from external threats. U Ba Swe said that regardless of whether U.S. aid is forthcoming, Burma will begin to develop the forces needed. He said Burma does not have grandiose ideas and intends to develop slowly making certain that more arms and equipment are *not* available until the men and organization are ready to utilize them properly. In this connection he commented that arms and equipment in excess of capability had been the root of Chiang's troubles in China.

Continuing, U Ba Swe said the GUB would like to start out with the organization of one or two divisions with new modern equipment; and with a universal military training program it is planned to

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[2]Not found in Department of State files, but a memorandum of April 24 from Young to Robertson, with attached handwritten notes of an April 25 conversation between General Erskine and Robertson, indicate that Erskine had recommended aid to Burma well in excess of $10 million. (*Ibid.*, 790B.5–MSP/4–2457)

rotate men through these divisions to prepare them for modern warfare.

In discussing the mode of possible U.S. assistance, U Ba Swe stated emphatically that it would have to appear that Burma was buying the equipment from the U.S. He said that it would be helpful if concession prices could be given but Burma would be interested even if this were not possible. He stressed however that long-term credit would be essential and payment in local currency would be desirable.

Commenting on the U.S. instructors which he thought would be essential to Burma's utilization of U.S. assistance, U Ba Swe said these instructors would have to be under separate direct contracts to the GUB but that one of these officers could be designated to coordinate all the activities of the others, thus assuring effective controls on personnel and programs from the U.S. point of view.[3]

[3]Another memorandum of conversation of the same date by Purnell records a brief discussion during this conversation of possible U.S. aid to the Burmese police. U Ba Swe stated that Burma was interested in U.S. advisers, training facilities, and assistance in obtaining equipment and in setting up an efficient organization. (*Ibid.*, 890B.501/5–2557)

68. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, July 13, 1957—10 a.m.

51. This is a Country Team message. Reference Embassy telegrams 9[2] and 35.[3] Government officials appear believe recommendations enquiry committees, appointed under directives issued by Prime Minister in conjunction his four year plan address of June 8,[4] will

[1]Source: Department of State, Central Files, 790B.5–MSP/7–1357. Secret.

[2]Telegram 9 from Rangoon, July 2, reported that U Kyaw Nyein had stated that the Burmese Government's new policy gave top priority to improvement of internal security and asked if Burma might be able to obtain additional U.S. assistance for such projects as roadbuilding and provision of equipment to the police. (*Ibid.*, 790B.5–MSP/7–257)

[3]Telegram 35 from Rangoon, July 8, reported that, although the Burmese Government did not appear to intend to seek a Soviet loan, it might be tempted to accept if the Soviet Union offered a loan with no strings attached. (*Ibid.*, 890B.00–Four Year/7–857)

[4]Telegram 1519 from Rangoon, June 10, reported that in Prime Minister Nu's June 8 address, which set forth policy for the completion of Burma's Four-Year Plan (begun in 1956), he stated that restoration of law and order was to have priority and that

Continued

result in increase planned capital expenditures. Seems now principal increase will be for intensified effort establish law and order. Among items mentioned are political equipment and associated facilities such as highway, telecommunications, political buildings. Other increases in education, city and town planning.

GUB accordingly considering possibilities obtaining more outside financial help meet this new gap between planned expenditure and anticipated foreign exchange resources.

Walinsky, Nathan Associates Chief here, told Embassy officer he had been present at Cabinet discussion this problem late in June. Deputy Prime Minister Kyaw Nyein asked him if Burma could get additional loan from US. Walinsky replied unlikely in view fact no project agreements yet signed under March 21 loan agreements[5] and US now working on Burmese request for additional PL–480 program.[6] Added that one possibility might be defense support aid. Raschid, Minister Mines, remarked that might be possible but only if Burma agreed join SEATO. (GUB opposed joining SEATO, and Raschid's intent was presumably to dismiss possibility such aid.)

Subsequently Mo Myit, Secretary Ministry National Planning, approached me saying he thought GUB might be prepared accept grant aid from US. Walinsky also told an Embassy officer that U Thant, Prime Minister's former secretary and now Ambassador designate to UN, had been trying persuade U Nu that acceptance US grant aid not necessarily inconsistent Burma's neutrality policy. Thant thought Nu might come around to this view. I told Mo Myit and Embassy officer told Walinsky that as general principle US now reluctant provide grant aid.

Then on June 29 Kyaw Nyein asked McCaffery and me if Burma could get additional assistance from US for strengthening internal security (Embassy telegram 9). Soe Tin, Executive Secretary Foreign Office, was present that meeting. He asked whether still possible propose some changes in project content of current loan program, to which McCaffery replied affirmatively. Soe Tin then asked if Asian development fund might be used assist Burma in multilateral road or telecommunications projects. Also asked if President's special fund could be used for either bilateral or multilateral projects in support Burma's internal security. McCaffery said if Asian develop-

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most mining and industrial enterprises should be transferred wholly or partially to private enterprise. A series of directives issued in conjunction with the address appointed eight "enquiry committees" to study specific problems. (*Ibid.*, 890B.00–Four Year/6–1057)

[5]For text, see 8 UST (pt. 2) 1862.

[6]Ambassador Win had requested a new 3-year $90 million P.L. 480 program on May 15. (Memorandum of conversation by Joseph A. Mendenhall of the Office of Southeast Asian Affairs, May 15; Department of State, Central Files, 411.90D41/5–1557)

ment fund still available FY 1958, joint projects of demonstrable regional economic significance involving two or more countries might qualify for such assistance. Other funds, such as President's special fund were apt to be limited in use to extraordinary emergency situations.

There are favorable indications GUB may seriously intend more effective internal security program. Army forming three battalion strength special forces trained in guerrilla tactics and of type which has been most successful of Burmese military units in combatting insurgency. GUB has stepped up psychological warfare activities by establishment directorate of education and psychological warfare in Defense Ministry.

Comment: GUB entering into new phase of fishing around for foreign aid. Preceding phase covered roughly period from Prime Minister's approach to Ambassador Satterthwaite in August 1955 to signing US loan agreements March 21, 1957. Significant characteristics preceding phase were (1) approach to US, (2) search for alternative sources, (3) lavish Russian offers, (4) Burmese acceptance Russian "gift" projects, (5) Burmese turn-down of Russian loan offer upon receipt US loan proposal in April 1956.

Believe Burmese dissatisfaction Russian barter trade plus uneasiness among key Burmese economic officials about Russian motives behind "gift" project might prevent GUB from actively seeking Russian aid at this juncture. However, as stated Embassy telegram 35, GUB might be strongly tempted accept any seemingly suitable new Russian offer.

Recommendation: Embassy not advocating that, merely to forestall Burmese acceptance possible Russian offer, US provide additional aid each time GUB planners raise level their capital requirements. Embassy believes soundest action for GUB would be selective cut-back planned capital expenditures to level presently available foreign exchange resources.

However, Embassy understands that as result Erskine report, US is moving toward decision offer military aid to Burma on liberal markdown basis. Believe such offer might have maximum impact if made within next two months and suggest that if possible McConaughy be authorized make offer as one of his first official acts. Russians, through recent appointment of two Military Attachés to Burma and invitation to Commodore Than Pe, Chief of Staff of Burma Navy, to visit USSR (Than Pe is there now), are making concerted effort influence Burma militarily. Effectiveness this effort probably enhanced by protracted deliberation of US Government in replying to Burma's request for US military assistance.

Kyaw Nyein and Soe Tin questions re US aid to strengthen internal security provide first clear openings so far for US aid this field.

Burmese military leaders have in past made clear that GUB did not want US aid in internal security field, particularly with reference to police. However, if GUB policy now to be revised, presume we could be prepared respond affirmatively if GUB, subsequent receipt aid offer, requested some equipment be provided thereunder for purely internal security objectives. In addition, if GUB wishes, might agree use some of present loan funds for projects related to internal security, such as telecommunications, highways.

In any event, military aid would strengthen capability army to put down insurgency. Consequently such aid would also help GUB meet additional foreign exchange requirements for new four year program in which intensification drive establish law and order is important element. Thus, by making military aid offer this juncture, we could hope accomplish following:

(1) Strengthen capability Burmese military forces to withstand outside aggression and outside inspired subversive activities and to combat insurgency.
(2) Counter Russian effort influence Burma militarily.
(3) Stimulate firm GUB request for assistance to police, possibly utilizing some of military aid funds for that specific purpose.
(4) Assist GUB in meeting that part of new foreign exchange requirements arising from internal security program and thereby to some extent reduce possibility Burmese acceptance any new Russian aid offer.

Braddock

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69. Telegram From the Department of State to the Embassy in Burma[1]

Washington, July 22, 1957—8:37 p.m.

79. Your 9[2] and 51.[3] Concur general position Embassy has taken regarding additional assistance Burma. Believe in first instance GUB should cut spending less important projects. Agree importance internal security and willing carefully examine reasonable GUB proposals.

As you aware possibility police assistance discussed Washington with Ba Swe who agreed discuss in detail with Ambassador McConaughy Rangoon and arrange US survey group visit Burma (see memorandum conversation May 25[4]).

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[1]Source: Department of State, Central Files, 790B.5–MSP/7–1357. Secret; Limited Distribution.

[2]See footnote 2, *supra.*

[3]*Supra.*

[4]See footnote 3, Document 67.

Suggest you encourage Kyaw Nyein to develop detailed proposals which US can study but with understanding US unable make any commitment additional aid at this time.

You may inform him that in view high priority internal security program, if additional US funds not available, US would be willing consider internal security projects under present dollar loan agreement.

With specific reference Kyaw Nyein's mention roads, IBRD has indicated to GUB willingness consider assistance this field and ICA prepared consider project proposal under existing loan for initial survey project prerequisite to IBRD financing.

ICA still willing consider AEDF financing Burmese participation in engineering phase regional telecommunications project. Financing construction phase this project still under study with respect all participating countries. (CA–5566, 1/11/1957.[5])

Costing aspects possible military assistance under active study but impossible develop specific recommendations until congressional action completed on pending mutual security legislation. (Messages this subject should continue be slugged "Limited distribution".)

Dulles

[5]Not printed. (Department of State, Central Files, 780.5–MSP/1–1157)

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70. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, August 13, 1957—4 p.m.

174. Re Embtels 144[2] and 162.[3] Country Team strongly urges every effort be made provide substantial assistance to Burma in response request for military aid made to General Erskine and recent approach through Walinsky for assistance in new internal security program. Recommend specifically Embassy be authorized soonest

[1]Source: Department of State, Central Files, 790B.5–MSP/8–1357. Secret; Priority; Limited Distribution.

[2]Telegram 144 from Rangoon, August 7, reported a conversation with Walinsky concerning an informal Burmese approach made through him for U.S. assistance for the Burmese internal security program. (*Ibid.*, 790B.5–MSP/8–757)

[3]Telegram 162 from Rangoon, August 10, reported information available to the Embassy concerning the Burmese Government's budget, then in preparation, for the coming fiscal year. Increased expenditures for internal security were to be financed in part by reductions in the economic development program and in part by printing new currency, which would have an inflationary impact. (*Ibid.*, 890B.10/8–1057)

make clear statement willingness supply substantial portion of requirements presented to Erskine expanded to include to extent possible items for police which appear in requirements furnished by Walinsky (despatch 101, August 8[4]).

This recommendation based team's conviction that in US interest provide this aid as expeditiously as possible in order:

(1) Demonstrate to GUB our willingness assist in supplying at low cost and on favorable terms military supplies needed for external defense and internal security and, conversely, avoid prejudice to our relations GUB likely arise from further delay on military request.

(2) Promote restoration internal security in Burma with resulting political and economic benefits, both immediately and through increased possibilities implementation economic development plans.

(3) Sustain AFPFL government, which only visible alternative to rule by Communist-dominated NUF.

Embassy understands government determined carry out substantial army equipment program as well as internal security program at cost curtailment other activities, notably economic development. Assistance by US in either or both of these sectors will ease total burden on budget.

Assume that some progress has been made towards determination possibility supplying GUB with items on list given Erskine. Would regret any significant delay imposed on that program by introduction new element of internal security needs. Most desirable solution would be consideration latter needs as component of $10 million military assistance availability even if this should require greater mark-down on individual items in order bring total with $10 million ceiling. If this impossible would be better make immediate favorable response on military assistance request without prejudice to subsequent action on internal security requirements, especially inasmuch as army already participating in internal security activities. Vital element this whole picture is ability US Government respond quickly. We should not allow this favorable atmosphere be dissipated through delay. Likely Ambassador McConaughy will be making first call on Prime Minister twentieth or twenty-first. In view (1) possibility Prime Minister may raise question, and (2) undoubted benefit to inauguration Ambassador's mission if Ambassador himself authorized raise issue by indicating prospect favorable response, urge guidance soonest.

Braddock

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[4]Despatch 101 enclosed copies of documents given to Braddock by Walinsky that set forth Burmese requirements for the internal security program. (*Ibid.*, 790B.00/8–857)

71. Telegram From the Department of State to the Embassy in Burma[1]

Washington, August 28, 1957—7:40 p.m.

241. Your 180, 179,[2] 174,[3] 144.[4] Department and ICA do not consider it desirable or feasible to entertain Burmese requests for large additional loans at this time when no progress has been made in implementing March loan agreements. However as you aware President last August approved NSC recommendation US military assistance up to $10 million and appropriate clearances for implementation now being sought enable you to so inform Burmese Government.

There is much interest here in helping Burma develop police competence in connection new emphasis internal security program including necessary equipment assistance. If Ba Swe and GUB agree, we willing dispatch small interagency team experts familiar with police programs to survey Burma's present needs, examine GUB requests for assistance and make recommendations to US Government re possible assistance. Such preliminary information appears necessary prerequisite to firming up US position funding such program.

Embassy and Survey Team would also evaluate possible Burmese inhibitions in openly associating with us in this program.

US interested helping Burma but believe GUB can do much constructive work in utilizing existing resources and detailed planning. One question for example, what is relative role of military versus police in new internal security program? Another disturbing point: it doubtful police could absorb large amount of funds currently suggested by GUB.

ICA concurs.

Dulles

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[1]Source: Department of State, Central Files, 790B.5–MSP/8–1457. Secret; Limit Distribution.

[2]Telegrams 179 and 180 from Rangoon, August 14, reported that Prime Minister Nu would probably want to discuss the Burmese Government's desire to obtain U.S. military and police equipment when Herter and Richards visited Rangoon in early September. (*Ibid.*, 790B.5–MSP/8–1457 and 110.12–HE/8–1457, respectively) Herter and Richards were visiting several Far Eastern countries in connection with a visit to Kuala Lumpur as personal representatives of President Eisenhower at the independence celebrations of the Republic of Malaya.

[3]*Supra.*

[4]See footnote 2, *supra.*

72. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, August 31, 1957—3 p.m.

252. I had first substantive conversation with Nu August 28. Meeting was at his request, pursuant to understanding at my initial formal call August 22 that he would let me know when he was ready to talk assistance. I covered with him entire area of requested US assistance—economic development, internal security and military aid. I endeavored draw him out on relationship and relative priority of these fields in light his July [*June?*] 8 speech, emphasizing strong US sympathy with Burmese requirements but at same time carefully avoiding any intimation of what US might or might not be able do outside $25 million loan. I cautioned re time required for allocation after aid legislation enacted, assuring him that unavoidable delay should not be construed as sign lack of US sympathy.

Prime Minister emphatically reaffirmed decision subordinate government economic development expenditures to requirement law and order campaign. Said only projects already started which cannot be cancelled without serious loss and few others considered indispensable will not be deferred. He confirmed US loan agreement will be ratified in current session Parliament and expenditure of US $25 million loan will not be affected by retrenchment plan.

He placed highest priority on police equipment required for law and order program (Embtel 144[2]). He feels prompt US action on this request is key to suppression insurgency. Says spirit of insurgents beginning to flag and now is psychological moment to strike hard. Says decision definitely taken gradually transfer responsibility for law and order campaign from army to police. Suppression of lawlessness considered not proper army function. Police must be reorganized, expanded and morale built up. Favorable US action on request for police equipment would greatly boost police morale. Lawless elements well armed and success campaign will depend on adequate equipment of police. He said Burmese Government would have no objection to police equipment being provided as part of GUB request for arms made to General Erskine if this would expedite matters. If entire shopping list can not be provided promptly, any portion welcome. Prime Minister apparently anticipated (until I disabused him of notion) that Under Secretary Herter probably would bring definitive US reply when he visits here next week.

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[1]Source: Department of State, Central Files, 790B.5–MSP/8–3157. Secret; Limited Distribution.

[2]See footnote 2, Document 70.

In response to my oblique probing (without implying any US commitment) on matter of possible visit of US internal security team of perhaps three experts to survey situation and make recommendations, he displayed receptive attitude provided experts on technical level only. He indicated if they came government would expect give full publicity to nature of mission since in his view there would be nothing to conceal. Said would want discuss matter further with Defense and Prime [*Home?*] Ministries before making request for such team. If visit materialized, he hoped team would remain for some months. He felt he could say authoritatively that internal security is proper field for technical assistance on same basis as in other fields related to the welfare of Burma. He showed distaste for anything suggesting confidential operations stating that everything could and should be open and above board. Said he did not want team which would "snoop" on use made of any equipment provided by US, adding mutual confidence is essential in any aid program.

He said US experts on level above technical would not be welcome since any appearance top-level reorganization of police structure on basis of foreign government recommendations would seem be reflection on capacity of GUB and would alienate support of people which essential to success of law and order campaign. I assured him it would not occur to us to suggest sending experts with any such high level mandate.

Comment: I believe we may have made some progress toward inducing neutralists GUB to request US technical assistance in sensitive security field where Soviets and ChiComs automatically excluded.

McConaughy

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73. Telegram From the Embassy in Burma to the Department of State[1]

Bangkok, September 6, 1957—5 p.m.

Secun 4. Many thanks your Unsec 9.[2] Dick[3] and I and whole party in good shape and absorbing many impressions. Will send you reports from each country on departure.

In Rangoon we called on three Deputy Prime Ministers, the Prime Minister and the President. Courtesy required eating practical-

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[1]Source: Department of State, Central Files, 110.12–HE/9–657.

[2]Unsec 9 to Rangoon, September 3, was an informal message from Dulles to Herter. (*Ibid.*, 110.12–HE/9–357)

[3]James P. Richards.

ly complete meals each call but except for slight lethargy no ill effects.

Until last night felt that visit from official point of view had been completely unproductive since not one word of substantive nature discussed with any official. At American Ambassador's dinner last night, however, situation very different. As Ambassador has reported in full[4] Deputy Prime Minister and Minister Foreign Affairs[5] requested opportunity speak to me privately. . . . No specific mention made of American aid but clear indication top priority placed on assistance equipment internal security police.

At end of dinner political adviser to Prime Minister[6] spoke to me privately asking if message from Minister Foreign Affairs had been clearly conveyed and reemphasized that this message represented personal views Prime Minister and government.

During dinner Deputy Prime Minister for Economic Affairs[7] took very similar position and spoke very freely.

Ambassador and staff feel these conversations extremely important since they are the first direct and emphatic statement of policy coming from government even though request made that they be held in confidence.

Burma has not yet returned to economic status pre-Japanese invasion but in rice production and teak production has almost caught up with pre-war figures. I am hopeful that as soon as loan agreement ratified by present session Burmese Parliament there can be minimum time lag in implementing projects contemplated because believe soonest we can show impact progress on these projects the better will be effect in firming presently expressed friendly policy of government.

President particularly requested that his warm regards be conveyed to President Eisenhower.

Minister Faure of French Foreign Office stopped briefly in Rangoon hoping to enlist Burmese sympathy for French Algerian policies. I am told little progress was made.

Sorry to hear about Dillon[8] and realize fully how heavy a load you must be carrying. Both of us send warmest regards.

Herter

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[4]In telegram 283 from Rangoon, September 6. (Department of State, Central Files, 110.12–HE/9–657)

[5]Sao Khun Khio.

[6]U Ohn.

[7]U Kyaw Nyein.

[8]Unsec 9 (see footnote 1 above), reported that Dillon was recuperating from a mild attack of Asiatic flu.

74. Telegram From the Department of State to the Embassy in Burma[1]

Washington, September 6, 1957—8:11 p.m.

278. Your 252,[2] 258,[3] Deptel 241.[4] Prime Minister's interest US assistance internal security important and gratifying. Believe best move this stage would be arrange visit police survey group. Without completely ruling out use PL–480 rupees for Indian assistance this field, do not consider it desirable or feasible except as last resort. Doubtful additional PL–480 rupees could be made available to Burma and believe important assistance this field be US, not Indian. In any event US would need US expert's recommendations re types and amounts assistance.

Department notes several discrepancies Prime Minister's comments re internal security and those expressed by Ba Swe in Washington. Nu appears desire build up police into significant force; not particularly interested in army; and wants US aid open and above board. Ba Swe appeared interested building up army for internal security mission as well as defense; expressed strong objections to big police force which might eventually lead to power competition as in Thailand; inferred US aid to police might best be handled surreptitiously. These differences may reflect important policy conflict requiring delicate US handling.

Is there possibility Nu plans utilize police diminish if not supplant political influence of Socialist-oriented army or is projected role police reasonable complementary force? In this connection what is significance rumored police and Home Ministry imminent shake-up?

With regard possible diversion some military assistance recommended by General Erskine believe this matter for US police survey group take into consideration and would expect such group include Defense representative. However, for our policy objectives appears army higher priority than police because of political influence, desirability reinforce anti-Communist orientation Burma Defense forces, and already existing potential of army to meet basic internal security mission. Advise.

Dulles

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[1]Source: Department of State, Central Files, 790B.5-MSP/9–357. Secret; Limit Distribution.

[2]Document 72.

[3]Telegram 258 from Rangoon, September 3, reported that U Nu had asked Ambassador McConaughy whether, if the United States were unable to supply the police equipment requested by the Burmese Government, it would make available U.S.-owned Indian rupees for Burma's use in procuring police equipment in India. (Department of State, Central Files, 790B.5–MSP/9–357)

[4]Document 71.

75. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, September 18, 1957—2 p.m.

334. Since Embtel 290,[2] conversations with GUB officials, culminating in my call on Kyaw Nyein September 17 at his request, have clarified GUB position and tend reinforce my previous recommendations as indicated below. Kyaw Nyein indicated he has been designated by Prime Minister to coordinate negotiations re US aid with particular reference to US assistance for internal security program.

Top GUB officials beginning be seriously disturbed over police [*policy?*] consequences of failure achieve benefits promised by independence. Per capita consumption still below pre-war. GUB already seriously concerned over lack of progress in economic development before recent decision give top priority to internal security which has induced GUB to make further reduction in planned level of development expenditures. Despite this reduction, proposed capital expenditures (including expanded law and order program) will significantly exceed available foreign exchange.

In this situation, GUB leaders have decided seek help from US. Approaches no longer surreptitious re either military or police assistance, thus indicating willingness accept consequences for Burma's neutrality position. GUB unwilling accept aid for internal security program from Soviet bloc and realizes US is only free world source able finance such aid to required extent. Department will realize this is significant departure for GUB and provides obvious opportunity to promote US objectives. With top officials acutely concerned serious GUB predicament, prompt response from US is required for maximum exploitation this opportunity. Kyaw Nyein said prompt response is essential.

I am convinced this opportunity would be adequately seized for time being if I were authorized to inform GUB that $10 million in military assistance will be forthcoming even if details not yet possible. GUB would find means of using such assistance to finance foreign exchange costs of internal security program. Am satisfied police survey group would be readily accepted.

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[1]Source: Department of State, Central Files, 790B.5–MSP/9–1857. Secret; Limited Distribution.

[2]Telegram 290 from Rangoon, September 9, urged a prompt and positive response to Burma's long-pending request for military aid and recent request for police equipment, stating that there were indications that the Burmese Government might be willing to shift closer to the free world position if it were convinced that such a shift would serve Burma's interests and not infringe on its independence. (*Ibid.*, 790B.5–MSP/9–957)

Kyaw Nyein convinced GUB extremely loath to finance police equipment from $25 million US economic development loan because would mean some projects now retained in reduced four year program must be eliminated, thus increasing already serious demoralization over slight progress in economic developments.

Apparent discrepancies noted Deptel 278[3] between Prime Minister's comments and Ba Swe's views on internal security appear resolved. During Herter–Richards visit, Ba Swe indicated he agrees internal security henceforth is primarily police responsibility (despatch 212[4]). Kyaw Nyein assured me there is agreement in Cabinet on top priority for internal security with police playing prime role. Significance of imminent shake-up in police reported despatch 213.[5]

Country team concurs this message.[6]

McConaughy

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[3]*Supra.*

[4]Despatch 212 from Rangoon, September 11, reported on the visit of Herter and Richards to Rangoon and enclosed memoranda of their conversations with Burmese officials. (Department of State, Central Files, 110.12–HE/9–1157)

[5]Despatch 213 from Rangoon, September 11, reported that a pending reorganization of the Burmese police was intended to prepare the police forces to assume a larger role in the maintenance of internal security. (*Ibid.*, 890B.501/9–1157)

[6]Telegram 350 to Rangoon, September 24, reported that there was a problem in obtaining Defense clearance of military aid, apparently as a result of JCS review of the Erskine report, but that a favorable resolution of the problem was expected soon. (*Ibid.*, 790B.5–MSP/9–957) There was a brief and inconclusive discussion of the subject at a Department of State–Joint Chiefs of Staff meeting on September 27. (Record of discussion; *ibid.*, State–JCS Meetings: Lot 61 D 417)

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76. Telegram From the Department of State to the Embassy in Burma[1]

Washington, September 27, 1957—7:46 p.m.

365. Deptel 241.[2] You may inform Ba Swe US, subject availability of funds, prepared to make available to Burma military assistance up to $10 million in form equipment, training and advisers if desired. While this amount may not appear as large as GUB would desire, preliminary costing estimates of General Erskine's recommendations indicate most of first priority army items can be made available within this limit. As next step suggest you sound out GUB re feasi-

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[1]Source: Department of State, Central Files, 790B.5–MSP/9–2757. Secret; Priority; Limit Distribution.

[2]Document 71.

bility of sending Burmese military mission to Washington to work out details priorities and accounting procedures.

Funds for this program will come from MAP funds under authority Section 401(a) in order meet Burmese objections assurances required Section 142(a).[3] Section 505(a) would permit GUB reimburse in local currency over long period time all or part of total. Also GUB could purchase in dollars additional needed equipment under Military Sale Agreement as cover for assistance which we will make available on grant basis.

Preliminary indications, no piston aircraft available, and river craft for navy would require special construction which both expensive and time consuming. Therefore major items requested for air and navy not likely available unless army items drastically cut which not believed feasible.

- Presidential 401(a) determination will be sought to permit obligation funds when we have clear indication mutually acceptable program and when procedures can be developed.

Dulles

[3]Section 142(a) of the Mutual Security Act of 1954, as amended, set forth various assurances required of nations receiving aid under Title I of the act; Section 401(a) was included in Title IV, which did not require such assurances.

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77. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, October 2, 1957—5 p.m.

381. I conveyed substance Deptel 365[2] to Ba Swe yesterday in presence Barrington. While I was careful to state all necessary qualifications, I presented news as positive development of considerable import to Burma. Stressed effort we had made to accommodate Burmese desires as we understood them. Ba Swe reaction one of quiet elation. He was obviously gratified at exemption from assurances which would have been required had we used Section 142(a). Said GUB still adheres to fundamental tenet of no grant aid and GUB would like liberal terms and pricing, making compensation essentially a gesture.

[1]Source: Department of State, Central Files, 790B.5–MSP/10–257. Secret; Limited Distribution.

[2]*Supra.*

Ba Swe said reports from Burmese representatives in Washington made him hopeful assistance on police equipment also forthcoming. When I asked if projected military assistance could provide sufficient budget relief, directly or indirectly, to enable financing of internal security program, he indicated army reorganization has high priority in order provide effective deterrent to aggression "from any quarter" (i.e., capability of staging delaying action until outside help could arrive) and could not be accomplished if any substantial part of US military assistance or its equivalent were transferred from defense to police.[3]

Comment: I am inclined to suspect this may be essentially army viewpoint and will endeavor ascertain whether Prime Minister and Kyaw Nyein may not be prepared support budget-relief expedient suggested above.

Ba Swe indicated likelihood GUB desires send military mission to Washington.[4]

Although Ba Swe not demonstrative by nature, evident from his demeanor he considers this significant milestone in Burma–US relations.

Message unsigned

[3]A U.S. police survey team visited Burma in November and December; its recommendations were summarized in telegram 592 from Rangoon, December 6, and telegram 705 to Rangoon, January 15, 1958. (*Ibid.*, 890B.501/12–657 and 890B.501/12–2757, respectively) An agreement reached on June 16, 1958, for the sale of U.S. police equipment to Burma on deferred payment terms is printed in Department of State *Bulletin*, August 4, 1958, p. 222.

[4]A Burmese military mission visited the United States in December. An agreement providing for the sale of U.S. military equipment and services to Burma in exchange for Burmese currency was effected by an exchange of notes signed at Rangoon on June 24, 1958; for text, see 9 UST 1069.

78. Telegram From the Embassy in Burma to the Department of State[1]

Rangoon, December 12, 1957—9 a.m.

613. Burmese need for early announcement substantial new PL 480 program[2] has become critical with realization that 1958 rice crop to be harvested December–January will be 15 to 20 percent below 1957 crop. Estimate total 1958 export availability about 1.8 million

[1]Source: Department of State, Central Files, 411.90B41/12–1257. Confidential.

[2]See footnote 6, Document 68.

tons compared 2 million for 1957. Even if higher price obtainable, now appears rice export earnings may decline by $10 to $15 million. Declining metal prices, bad cotton crop are additional factors reducing export earnings 1958.

This prospect reduced earnings next year, coming on top of loss some $30 million foreign exchange reserves so far this year despite $10 million drawing on Indian loan, indicates necessity some action curtail rate foreign exchange expenditure. Reserves now down to about $77 million which lowest since mid-1955 foreign exchange crisis when reserves dropped to about $75 million.

Restriction consumer imports in association continuing government deficit financing would cause resumption upward movement currency circulation and serious price inflation with attendant political and economic difficulties. Cutbacks government spending on development and internal security programs could further undermine public confidence in government and imperil success economic development programs.

Government logically fears seriousness situation will be intensified by rush on imports and hoarding consumer goods especially textiles as general public becomes aware deterioration foreign exchange position. Announcement new PL 480 program would help forestall such public reaction, assist government planners determine nature extent restrictive action needed.

While recognize new PL 480 program would not solve basic problems which have led to foreign exchange drain, it may provide critically needed assistance in helping fill resource gap and maintain stability requisite to implementation programs designed achieve longer run solutions.

Quick action on PL 480 program is important to promotion US objectives in Burma. During past year GUB has shown tendency veer from Communist bloc and toward closer ties with US. GUB regards new PL 480 program as only available means meeting what they consider serious emergency and is counting heavily on quick and substantial PL 480 help. Thus quick action on new PL 480 program, in addition providing important practical support to Burmese economy, would be significant factor further strengthening Burma's friendship with US, while prolonged delay on our part would dismay and discourage Burmese.

Burma's minimum textile and yarn import requirements 1958 estimated about $41 million with estimated cotton content about 125,000 bales. To support foreign exchange position, offset inflation, preserve desirable level economic development and internal security programs, forestall domestic political difficulties, Embassy urges US agree negotiate soonest new PL 480 program with minimum 100,000

bales cotton, preferably 125,000. Hope program may also include vegetable oils, wheat flour, tobacco.[3]

McConaughy

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[3]Telegram 619 to Rangoon, December 20, informed the Embassy that negotiating instructions for a new agreement were being sent to the Embassy. (Department of State, Central Files, 411.90B41/12–1257) An agreement providing for the sale under Public Law 480 of surplus agricultural commodities valued at $18 million and a loan to Burma of $14.5 million in Burmese currency was signed at Rangoon on May 27, 1958; for text of the agreement and an accompanying exchange of notes, see 9 UST 576.

Indonesia

UNITED STATES RELATIONS WITH INDONESIA; UNITED STATES CONCERN WITH POLITICAL DEVELOPMENTS IN INDONESIA; UNITED STATES INTEREST IN THE QUESTION OF WESTERN NEW GUINEA (WEST IRIAN)[1]

79. Telegram From the Embassy in Indonesia to the Department of State[2]

Djakarta, January 19, 1955—10 a.m.

1160. Please pass Stassen and Moyer from Jones. At dinner Jones' house last night Djuanda expressed his views quite frankly on several aspects situation here. On political side he emphasized present cabinet stronger than ever and he foresaw no likelihood of change before elections, which he predicted would be held August. He recognized present cabinet is playing with fire in giving Communists free rein; Prime Minister[3] and Foreign Minister[4] among others in PNI shared this view. Unfortunately, present government had no alternative since cooperation of Masjumi or PSI unobtainable on any basis mutually acceptable. He inferred efforts to draw both parties into cabinet had been tried and failed. Sjahrir,[5] for example, had agreed cooperate with PNI on one condition that he be made Prime Minister; he would, Djuanda said, accept no other position in cabinet. Masjumi had likewise failed respond to conciliatory advances on part PNI. Djuanda emphasized therefore that opposition must share blame for continuance present unsatisfactory, uneasy situation in which cabinet depends upon Communists for its existence. He also pointed out dangers involved Masjumi majority in election which, if Masjumi turned in direction theocratic state, would not only seriously upset Christians and other minorities but would have tendency drive PNI and PKI close together in opposition with resultant strengthening of Communists.

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[1]For previous documentation on this subject, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, pp. 245 ff.

[2]Source: Department of State, Central Files, 756D.00/1–1955. Secret.

[3]Ali Sastroamidjojo.

[4]Sunario.

[5]Soetan Sjahrir, Prime Minister of the Republic of Indonesia, 1945–1947.

Djuanda introduced somewhat obliquely subject of increased economic aid Indonesia, saying he recognized US could not in light established policy give substantial assistance to government depending on Communist support and would await Indonesian election results before committing itself. While understanding necessity for this, he regretted it in light deteriorating economic situation here and great need outside help.

Djuanda further observed he had been waiting ever since meeting Stassen[6] for some clarification US program aid Southeast Asia, particularly with reference (a) whether Colombo plan[7] would be used as channel for distribution such aid, (b) thinking with respect combination US and European assistance. On latter point he said Indonesia would be seriously embarrassed if US-European organization formed to distribute aid Asia since obviously Dutch would be included in group and Indonesia could not be in position accepting aid from Dutch even indirectly. While not commenting on former, he admitted that multilateral approach economic aid would make acceptance by Indonesia politically much less difficult if multilateral approach not complicated by presence Holland.

Djuanda strongly criticized policies of Ministry Economic Affairs and said he had been called in by Prime Minister recently to advise trade and fiscal policy. He hoped substantial changes such policies might gradually be brought about. He particularly criticized bilateral approach to trade carried on by Economic Ministry and emphasized parallel transactions were having most unfortunate effect.

Djuanda has agreed be candidate for constituent assembly representing recently reorganized version his old party, which was banned by Japanese. He stressed, however, in so doing he was not joining party but retaining his position as Independent and non-party member.

Next following telegram contains my comments.[8]

Cumming

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[6]Presumably this meeting took place during Djuanda's visit to Washington in late October and early November 1954. Telegram 587 to Djakarta, November 5, 1954, reported that in a private conversation with Moyer, Djuanda had expressed interest in increased U.S. aid if it would not necessitate agreements of a kind that would cause political difficulties in Indonesia. (Department of State, Central Files, 756D.5–MSP/11–554)

[7]The Consultative Committee on Economic Development in South and Southeast Asia, of which both the United States and Indonesia were members.

[8]*Infra.*

80. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 19, 1955—6 p.m.

1161. Djuanda conversation reported mytel 1160[2] points up a significant trend in PNI policy and a development in Ali Goverment's position which has become manifest in recent weeks. My impression is that since boost given by Bogor Conference[3] and success in defeating non-confidence motion,[4] followed by curious neglect of opposition to take full advantage of those aspects of parliamentary vote which were favorable to opposition position, Ali Government has gained new lease on life, increased prestige and superficially at least shows greater confidence and initiative in approaching current problems.

President[5] has been clever enough to continue dominance of Irian theme and cognate moves such as call for an all-Indonesian Congress which no opposition party or leader can directly oppose. Beating of drums of patriotism and national interest and prestige has effectively stilled any clamor which might have been raised on genuine domestic issues. Security questions such as declaration of state of siege in Moluccas, summoning of territorial commanders, provincial governors and other high officials to current national security conference, have been again brought into forefront of public attention all in a double contest of preparation for elections and rehabilitation of Indonesia's good name before world. Thus theme is one of closing the national ranks; appeals gently directed towards government parties and forcefully directed towards opposition parties, to observe greater tolerance in advancing party interests these developments are accompanied by note suggesting that only by united action can Irian be regained and that he who breaks ranks, namely the opposition, betrays the country's interests. Ali, in my opinion, has not the capability of working out and executing such a detailed plan; President Sukarno is the only man in Indonesia with the political skill and forcefulness to embark on such a program.

In addition to the foregoing there are other moves or rumors of moves, some of them disturbing, which suggest new strength in the Ali Government; changes in diplomatic representation abroad, rumors

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[1]Source: Department of State, Central Files, 756D.00/1–1955. Secret.

[2]*Supra.*

[3]The Prime Ministers of Burma, Ceylon, India, Indonesia, and Pakistan met at Bogor, Indonesia, December 28–29, 1954, in preparation for the Asian-African Conference held in Bandung, Indonesia, April 18–24, 1955.

[4]A motion of no confidence in the cabinet was defeated in the Indonesian Parliament on December 14, 1954.

[5]President Sukarno.

of splitting existing territorial commands to weaken the authority of the commanders, rumors of the creation of new provinces in Sumatra (a Moslem and Christian stronghold), transfer of General Bambang Sugeng to the Paris Embassy, removal of Colonel Akil from command of the Djakarta garrison, and other evidences of continuing Iwa's influence.

Behind these evidences of new vigor and confidence in the government one can however detect signs of a dichotomy inside the PNI party organization, a dichotomy prevented from becoming a schism by party discipline and self interest. A small but important group of young right-wing PNI members, including Foreign Office Secretary General Ruslan Abdulgani, were I have reason to believe, disappointed that Siddik[6] and not some more moderate man, was elected chairman of the party. Other leaders such as the Prime Minister and the Foreign Minister are, I am almost certain, deeply troubled by the rise in PNI [*PKI*] strength and influence which PNI itself has fostered through its opportunistic association with the Communists. Such men are making every effort behind the scenes to pin responsibility on the opposition, and perhaps inferentially on US as well while simultaneously exploiting Communists alliance to the fullest extent. Despite the contrary impression which Djuanda evidently tried to make, I see no real change of PNI front involved but rather just an only [*early*?] endeavor to shift responsibility for current Communist gains to the opposition. Djuanda's political observations show standard pattern of PNI alibies for their current entanglement with the Communists and their long professed fears of theocratic state under a Masjumi Government.

Of considerable significance is fact that Ali, or perhaps Sukarno, has been adroit enough to pull Djuanda into PNI toils through, I suspect, convincing him that only PNI with Djuanda's help and that of moderates of other parties can pull nation out of present economic and fiscal plight, a subject close to Djuanda's heart. Since Djuanda is known as man of high integrity and one possessing confidence of Americans, I feel that he has been selected as channel to bring views of Ali's section of PNI to my attention. His references to economic assistance appear to me as effort to open door US aid commitment prior to Afro-Asian Conference to give greater prestige to Ali Government and prior to elections in order to neutralize US aid as a political factor in the elections. I may be unduly skeptical but I discount possibility that economic considerations are uppermost in minds of those who planted with Djuanda suggestion so obviously intended to reach the American Ambassador and his Government.

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[6]Sidik Djojosukarto, Chairman of the Partai Nasional Indonesia (Indonesian Nationalist Party).

If PNI could be divorced from its Communist connections the strengthening of PNI leadership would not necessarily in itself be a bad thing for the country or for US interests. However I see no genuine indication of any move in this direction nor can I discern any real trend towards the establishment of constructive economic and fiscal policies, despite periodic lullabies. On the contrary, Djuanda's observations, confirming to us determined efforts PNI consolidate its position and justify its association with PKI regardless of effect on the country, represent a dangerous trend from US standpoint and, in fact, for Indonesia if the growing influence of the Communists is to be cut off before the point of no return is reached.

On the economic side Djuanda's comments strengthen my conviction that sound policy dictates proceeding cautiously with aid at present, with modest increase technical assistance as scheduled, opening door to surplus commodity program but reserving substantial increase in aid until such time after or before elections when a government assumes power firmly committed against direct or indirect Communist influence within Indonesia. At such a time I hope we would be prepared to fire aid out of both barrels. In this connection I am inclined to agree however, with Djuanda's observation that the Ali Government will retain power until the elections at least.

Cumming

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81. Editorial Note

On January 20, the National Security Council noted and briefly discussed an Operations Coordinating Board Progress Report on NSC 171/1 (Indonesia), dated January 12, which reported developments between June 1 and November 30, 1954, pertaining to NSC 171/1, "United States Objectives and Courses of Action With Respect to Indonesia," November 20, 1953. According to a memorandum of discussion by Gleason, dated January 21, Special Assistant to the President Cutler briefed the Council on the main points in the Progress Report and pointed out that the NSC Planning Board was currently revising NSC 171/1. Arthur S. Flemming, Director of the Office of Defense Mobilization, stated that he found the Progress Report discouraging and considering the importance of Indonesia, he thought it was important to have the new policy as soon as possible. Cutler replied that the paragraph on Indonesia in NSC 5429/5, "Current U.S. Policy Toward the Far East," December 22, 1954, gave sufficient guidance for the interim period and he hoped to present the Council

with the new draft policy on Indonesia by March 1. (Eisenhower Library, Whitman File, National Security Council Records) The Progress Report is in Department of State, OCB Files: Lot 62 D 430, Indonesia; for texts of NSC 171/1 and NSC 5429/5, see *Foreign Relations*, volume XII, Part 2, page 395 and *ibid.*, Part 1, page 1062.

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82. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 20, 1955—5 p.m.

1174. My telegram 1168.[2] United Press story re change in US policy towards Indonesia is receiving mixed reaction. As reported in referenced telegram, opposition circles worried lest US giving open support to present Government. As opportunity offers I am cautiously allaying their fears.

British Chargé and, as might be expected, Dutch Chargé have expressed polite surprise. A few Dutch businessmen whom I saw last night at a social occasion openly hostile. I do not attach much importance to this, however, as they are from the same group which retains resentment over US political aid Indonesian independence.

Former Foreign Minister Subardjo, presently adviser general Foreign Office, tells me President Sukarno sent for him night before last and discussed implications United Press story. Subardjo says President expressed desire for more frequent contact with me and Subardjo suggested I call on President next week. I do not propose to follow up this suggestion unless I get word through more normal channels. Subardjo, who has been playing coy with several political groups, added that Government circles were "jubilant". His remarks should, I think, be read in context of my telegram 1161.[3]

Egyptian Ambassador tells me he was at first worried over effect of United Press story on morale of Masjumi leaders but on second thought considers story to be "A brilliant diplomatic move", as it will establish me in confidence of PNI leaders while at same time Masjumi and PSI leaders can be re-assured "through other channels", which I am sure meant himself and my Pakistani colleague.

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[1]Source: Department of State, Central Files, 756D.00/1–2055. Secret.

[2]Telegram 1168 from Djakarta, January 19, reported that a United Press article quoting unnamed U.S. "authorities" as expressing increased optimism over Indonesia's future had been carried by some newspapers in Djakarta. (*Ibid.*, 756D.00/1–1955)

[3]Document 80.

In separate telegram I am reporting editorial in English language *Observer*[4] which perhaps indicates method PNI will exploit story to their advantage.

To ensure that there will be no misunderstanding of US Government's official position, I propose to take first opportunity to re-emphasize to Prime Minister and Foreign Minister our continuing concern at growth of Communist strength within Indonesia. I believe I should also point out to them that this unofficial press speculation represents no change in policy US Government has been following for number of years, i.e. to support and strengthen truly independent and democratic Indonesia.

Cumming

[4]Telegram 1169 from Djakarta, January 19, reported that an editorial in the *Observer* had charged *Time* magazine with spreading lies about Indonesia and urged that it should be banned in Indonesia before it damaged U.S.-Indonesian relations. (Department of State, Central Files, 756D.00/1–1955)

83. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 20, 1955—5 p.m.

1179. After lunch today at my home I had long conversation with Djuanda, tenor of which generally confirmed contents mytel 1161.[2]

Djuanda said that never since Madiun[3] had he felt so concerned over rise in PKI strength—not so much that he feared Communist revolt as he did general growth of their strength and influence. He confirmed my belief that many persons in PNI, including Prime Minister were deeply concerned over PNI association with PKI, but "their mouths are tightly closed by party discipline" which was as strict as that of PKI. I believe I can fairly infer from Djuanda's oblique reference and significant omissions that he was trying to tell me the disciplines stemmed from Sukarno himself. Djuanda dismissed my suggestion that the country's problems arose from economic and fiscal disorder, returning to the Communist danger and proceeding immediately to criticism of the opposition specially [*especially?*] Mas-

[1]Source: Department of State, Central Files, 756D.00/1–2055. Secret.

[2]Document 80.

[3]Reference is to a short-lived Communist uprising that began September 18, 1948, in Madiun, Java.

jumi for refusing to cooperate with the government. I observed that it would be most unusual in a democratic country in a pre-election period for an opposition party to refrain from attacking party in power at every opportunity.

Djuanda said that due to failure of opposition cooperate with PNI, and to trouble NU was making within government (did not specify how), he thought there could be no solution of problems raised by PKI parliamentary support PNI until after elections. He said that government was, however, encouraged by recent signs of US understanding of their problems. I took advantage this opportunity to say (see mytel 1174)[4] that while I was pleased see that UP story, which I emphasized was not official, expressed understanding of Indonesian problems, I felt it would be erroneous to read into it an expression of the intent of US Government support Ali Government [against?] any other Indonesian political group; that it rather expressed confidence of the writer which I felt was shared by other Americans in ability of Indonesian people and nation to work their way successfully through current difficulties. I said that in my personal opinion, despite friendly feeling of all Americans towards Indonesians, it would be difficult for them to understand complex reasoning and domestic consideration by which many Indonesians sought to justify acceptance by government of PKI support. I added that still speaking personally I felt confidence that my government was ready to do what it could to be of assistance anywhere in world to any government which sought its aid in establishing complete freedom from Communist influences.

As stated above, conversation confirmed my general impression reported in reference telegram that Djuanda, deeply troubled by growth PKI influence, has sought a solution in some form of cooperation between moderate elements of all parties, failing to accomplish which he has felt necessary lend his weight to PNI. Further confirmation of this rests in his statement to me that while keeping himself free from party affiliation, he has allowed his old party to put his name forth as a candidate in the election of both the parliamentary and constitutional assembly. Significantly he stated that this old party, while moderate in its policies, generally leaned towards the PNI.

Cumming

[4] *Supra.*

84. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover)[1]

Washington, January 25, 1955.

SUBJECT

Release of Section 121[2] funds for the FY 1955 program in Indonesia

A. Problem:

The Defense Department's refusal to approve a piecemeal release of Section 121 ($700 million) funds for the Indonesian FY 1955 program is holding up its implementation. The delay in announcing the desired program figure of $7 million threatens to undermine progress in U.S.-Indonesian cooperation in technical assistance achieved during FY 1954 and to create political difficulties for the U.S. in Indonesia. The present allocation is $3.7 million.

B. Discussion:

1. The additional funds requested ($3.3 million) are for the following reasons:

a. Technical assistance projects started in previous fiscal years; regarded by our Mission as sound and strongly desired by the various Indonesian Ministries concerned (see list Tab A[3]).

b. A malaria eradication program calling for $1.3 million. Expansion of the malaria program is of importance for the following reasons: (1) the previous program concentrated principally on technical assistance and limited demonstration through providing DDT and spraying equipment for selected areas; (2) FOA experts agree with the Mission that continuation of this limited operation risks increasing immunity to DDT and requires a more concentrated approach over a wider area of operation; and (3) the program has had some dramatic effects in certain areas. Public Health experts agree if the anti-malaria project is dropped now a resurgence of the disease will follow. This would provide a ready target for unfriendly elements in Indonesia.

2. Implementation of the FY 1955 program is being held up pending a decision on the additional $3.3 million. The Embassy has reported that Indonesian newspapers continue to press the Government and Mission for information about the size of the aid program. In addition, Tousfo 609 (Tab B)[4] reports an editorial in *Pedoman* (an

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[1]Source: Department of State, Central Files, 756D.5–MSP/1–2555. Confidential.

[2]Section 121 of the Mutual Security Act of 1954 (approved August 26, 1954; 68 Stat. 832) provided up to $700 million for Southeast Asia.

[3]Not printed.

[4]Dated January 13, not printed.

opposition paper) strongly endorsing the FOA program. It is the first expression of its kind appearing in the Indonesian press since 1952.

3. Embtel 1117[5] reports that the Foreign Minister, in a conversation with Ambassador Cumming, referred to the possibility of increased U.S. aid as an indication of our sympathetic understanding of Indonesian problems (Tab C).

4. In his most recent cable Embtel 1161, dated January 19,[6] the Ambassador indicates that we should proceed with the modest increase in technical assistance as scheduled.

C. Recommendation:

It is our understanding that Mr. Struve Hensel (Defense) has indicated a willingness to sign the appropriate documents for the release of additional funds if the Department recommends immediate action for political reasons. We believe the reasons discussed above justify immediate action and would appreciate your authorizing Mr. Nolting to state this as a State Department position to Governor Stassen and Mr. Hensel.[7]

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[5]Telegram 1117 from Djakarta, January 12, reported a conversation between Cumming and Sunario during which the latter referred to a press report of possible increased U.S. aid as a sign of U.S. sympathetic understanding of Indonesian problems, but Cumming indicated that no decision had yet been reached. (Department of State, Central Files, 856D.00/1–1255)

[6]Document 80.

[7]The source text bears the handwritten note: "Concur. Hoover".

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85. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 8, 1955—3 p.m.

1305. Deptel 990.[2] Understand that early December Australian, Indian and Pakistan representatives informally approached Indo Foreign Office re desirability take steps frustrate dangers inherent in in-

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[1]Source: Department of State, Central Files, 656.56D13/2–855. Secret. Repeated to The Hague.

[2]Telegram 990 to Djakarta, January 19, referred to a conversation of December 30, 1954, between Assistant Secretary of State Robertson and the Netherlands Ambassador to the United States, J.H. van Roijen, during which the latter expressed the hope that the United States would indicate to Indonesian officials its concern over the dangers inherent in Indonesian incitement of anti-Dutch feeling. Telegram 990 instructed the Embassy to report any diplomatic approaches paralleling or supporting the Dutch representations. (*Ibid.*, 656.56D13/1–1955)

citing anti-Dutch feeling over Irian question. British Chargé made a similar approach but in indirect language and very informally. Australian approach made under direct instructions from Canberra after Chargé here expressed view that he saw no immediate threat and did not anticipate any outbreak at that time.

In conversation with Prime Minister (paragraph C 1 mytel 919[3]) I indirectly touched on same point.

Have also learned that during end of November or early December Dutch acting High Commissioner here telegraphed very moderate estimate of situation to The Hague and was considerably upset when The Hague distorted his report into a picture of imminent danger to Dutch nationals. This connection see paragraph number 4, mytel 1150, April 7, 1954, repeated The Hague as 37.[4] In conversation last week Dutch High Commissioner repeated same observation.

Referring to last paragraph of memorandum December 30 conversation between Ambassador Van Roijen and Assistant Secretary Robertson[5] I can think of no better way to reduce such little influence as I possess with Indo Government and lessen possibility attainment our objectives Indonesia than even in the most informal and personal way to try to dissuade present or any other Indo Government from letting up on their admittedly unreasonable and emotional attacks on Dutch business here. As I have several times pointed out to the Department our own not inconsiderable investments in Indonesia are getting along not too badly and their continued protection and advancement which in no way harm Dutch interests are in large measure dependent upon the degree to which American investments are separated from Dutch investments in the Indo mind.[6]

Cumming

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[3]Dated December 15, 1954, not printed.

[4]Telegram 1150 reported a conversation with the Netherlands High Commissioner in Indonesia, W.F.L. Bylandt. Paragraph 4 reported that Bylandt had told Cumming that the Dutch Foreign Office tended to take a more pessimistic view of Indonesia than he did. (Department of State, Central Files, 756D.00/4–7654)

[5]See footnote 2, above.

[6]Telegram 1198 to Djakarta, February 21, reported that the Department agreed that representations on the basis of mere allegations of Dutch danger were undesirable, but instructed the Embassy to report any further approaches to the Indonesian Government. (Department of State, Central Files, 656.56D13/2–855)

86. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 21, 1955—6 p.m.

1383. Reference: Deptel 1120.[2] In considering matters raised in reference telegram I have reviewed carefully the references cited therein on which Department's telegram was based, including my analysis of these recent events as they occurred. Having looked at situation from all angles, I believe that views expressed my telegram 1161[3] continue to be valid and that PNI political strategy outlined therein can be taken as I tried to make clear, as an accurate reflection of views of President Sukarno himself.

My interpretation of various recent moves by Sukarno is that they are part of overall strategy of supporting PNI and not an indication of genuine desire on his part for rapprochement between PNI and Masjumi. PNI was quick, both privately and publicly, to interpret recent US press articles as indicating that US Government now looking with more favor on Ali Government and I consider various approaches to me as an effort to capitalize on this development. Sukarno and PNI probably hope to obtain some more tangible evidence of US favor or at least to encourage further US comment which will counter charge that US Government considers Ali Government Communist dominated.

Commenting on specific question raised in sub-paragraph 1 of reference telegram, I would say that Sukarno probably is worried by extent present polarization domestic parties. I believe his greatest concern is that Masjumi is becoming more and more of potential threat to his personal position; he is also undoubtedly concerned that despite statements of moderate Masjumi leaders in support of Pantji-

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[1]Source: Department of State, Central Files, 756D.00/2–2155. Secret.

[2]Telegram 1120 to Djakarta, February 10, requested Cumming's comments and recommendations with respect to several questions:

"1. Does Sukarno appear have genuine worry about present extent polarization domestic parties toward Communism by PNI and toward fanatic Moslem by Masjumi and other Moslem parties and does he desire restore balance and cooperation moderates in coalition type Government through rapprochement PNI–Masjumi?

"2. Does Sukarno fear that US desire see Masjumi win elections may have prompted US support that party and prevent desired rapprochement?

"3. Should US seek reassure Sukarno US backs no particular political party or group but continues believe 'Indonesian people and nation can work their way successfully through difficulties' (your 1179 [Document 83])?

"4. Should US seek impress Sukarno that while US would welcome rapprochement between moderate groups PNI and Masjumi it is Sukarno's own responsibility effect such rapprochement?" (Department of State, Central Files, 756D.00/2–0055)

[3]Document 80.

sila,[4] desire of strong elements in Masjumi for more specific Moslem orientation of Indonesian state in some form will prevail. Sukarno may also be worried by obvious growth of Communist strength. But rather than seeking solution in encouraging moderate PNI–Masjumi coalition government, he seems definitely decided on supporting coalition of PNI and all internationalistic [*nationalist*?] elements which owe strong allegiance to him personally and which he apparently expects can beat the Communists at their own game on a national united front.

In reference to sub-paragraph 2, my judgment is that Sukarno and PNI are presently more inclined to believe that US Government is resisting pressures of US press and "biased" observers to support Masjumi as western hope in Indonesia. They of course realize that we have close contacts with some opposition leaders and sympathize with their anti-Communist views, but Djuanda statements would indicate they may also hope we might encourage opposition to accept various unity appeals made by President.

In reference to sub-paragraph 3, I agree that we should continue to emphasize this theme but at same time make it clear our concern at the growing strength of Communism in Indonesia. We would not leave any possible thought in Sukarno's mind that we approve of policy of present government of working closely with Communists or that we share their confidence that "it cannot happen here".

In reference to sub-paragraph 4, it is my opinion that it would be unwise for US to go this far in expressing its views re Indonesian internal political situation, particularly to President Sukarno. In view of the extreme sensitivity of Indonesians in general and President in particular to anything that appears to be western interference in Asian affairs, Sukarno might well react explosively to such a suggestion. Furthermore, I think that opposition parties would be suspicious of such a move at this time since they are confident of victory in the elections; they would probably get word of such a suggestion by the US and might very well resent it.

In conclusion, it is my judgment that any initiative by US to try to bring the moderate PNI and Masjumi together at this time would not be wise or likely to be successful. The best time for such a rapprochement may well occur after the elections have taken place and each party knows more clearly than at present where it stands. If Masjumi wins a plurality or even majority, I think it quite possible that they will invite some of the moderate PNI elements to cooperate

[4]The Pantja Sila, or Five Principles, were first set forth by Sukarno in a speech of June 1, 1945, as nationalism, internationalism or humanitarianism, representative government, social justice, and belief in God; they were endorsed in successive Indonesian constitutions.

with them and that many of them, like Ruslan Abdulgani for instance, will accept. On other hand, [if?] PNI is reasonably successful in elections, I would hope that President and PNI would feel secure enough to invite some of the moderate Masjumi to join in a truly non-Communist Government. In either case it will be much easier for moderates in losing party to break away than it is now, when party discipline is tight in preparations for elections.

I do intend, however, to try to see President and Vice President[5] prior to my departure for Manila meeting on 27 February,[6] in order to get their latest views on Indonesian and regional problems. I will bring up the point in sub-paragraph 3 during the conversation.

Cumming

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[5]Mohammad Hatta.

[6]A conference of U.S. Chiefs of Mission in East Asia was held at Manila and Baguio March 2–5; a record of the meeting, including remarks by Secretary Dulles, who was present at the opening session, is in Department of State, Conference Files: Lot 60 D 627, CF 434.

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87. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 25, 1955—1 p.m.

1401. My telegram 1383.[2]

(1) During half-hour talk this morning with President,[3] he devoted about fifteen minutes to discussing Balinese paintings and avoided all my attempts introduce political topics except as indicated below.

(2a) President raised question of possible Dutch membership SEATO (see my telegram 1398[4]).

(2b) Expressed sincere gratitude for increased US technical assistance announced today,[5] especially malaria program but added "man

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[1]Source: Department of State, Central Files, 756D.00/2–2555. Confidential.

[2]*Supra.*

[3]The conversation took place on February 24.

[4]Telegram 1398, February 24, reported that during a conversation with Cumming that morning, Sukarno had expressed concern that the Netherlands might be admitted into the Southeast Asia Treaty Organization. Cumming replied that he knew of no plans for this. (Department of State, Central Files, 790.5/2–2455)

[5]The text of an FOA press release, scheduled for release on February 23, announcing that $7 million would be made available for technical cooperation in Indonesia during fiscal year 1955, was transmitted in Usfoto 702 to Djakarta, February 18. (*Ibid.*, FOA Message Files: Lot 56 A 632, Box 105, Djakarta)

cannot live by bread alone" and said he looked forward to day when US would give Indonesia spiritual and political aid, namely support of Indonesian point of view on Irian.

(2c) Said it was his earnest hope, which he had expressed to Cabinet, that every effort be made complete elections prior to August 17, Tenth Anniversary of Indonesian Independence. Sukarno was afraid his wish could not be realized but said this indicated how anxious he was to get on with elections.

(3) Later had long talk with Vice President, during which Hatta said he thought it would be impossible to hold elections in time for full returns to be received by August 17. He was confident however that elections would be held not later than August or September, saying that now not only Masjumi but also PNI were anxious for early elections. Mechanically election preparations are being expedited by Home Minister Sunario (my telegram 970)[6] who had uncovered further examples of almost criminal actions taken by former Home Minister to delay elections. Hatta felt that there was no possibility that Masjumi would lose the elections: Their organization was strong and more and more voters being won over to Masjumi while PNI strength, he felt, was slowly waning. This latter fact plus alarm over PKI strength forcing PNI towards elections soonest possible so that even though they anticipate losing they might make most creditable showing possible perhaps in order be in position request seats in Masjumi-led Cabinet.

Hatta also said he had kept in mind my conversation with him last December (my telegram 970) and had urged Prime Minister Ali necessity of hastening election to halt anti-Indonesian criticism from abroad. "Ali is however now too busy with Afro-Asian Conference and other such matters to pay close attention to domestic affairs".

Hatta thanked me for data which I gave him on Soviet treatment of Moslems and requested more of same, which I am sending him.

Cumming

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[6]Dated December 22, 1954; see *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 486.

88. National Intelligence Estimate[1]

NIE 65–55 *Washington, March 1, 1955.*

PROBABLE DEVELOPMENTS IN INDONESIA THROUGH 1955[2]

The Problem

To assess the current situation and to estimate probable developments in Indonesia through 1955, with particular reference to Communist strength and influence.

Conclusions

1. Independent for only five years, Indonesia has made little progress toward establishing a base for long-term strength and stability. The country's basic problems of economic development, internal security, and administrative reform remain unsolved, while the government centers its activities around efforts to remain in power. (*Paras. 13, 34, 41, 45*)

2. We believe the chances are somewhat better than even that elections will be held during the latter half of 1955. The present coalition government, led by the Nationalist Party (PNI) under Premier Ali Sastroamidjojo, is likely to continue in office during 1955 or until elections are held. It is unlikely to make any significant changes in foreign or domestic policies before the elections. (*Paras. 46, 47, 51*)

3. We believe that a government dominated by the Masjumi (Moslem Party) will probably emerge following the elections. It is possible, however, that despite the Masjumi's broad popular follow-

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[1]Source: Department of State, INR–NIE Files. Secret. National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[2]A note on the cover sheet reads:

"Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

"Concurred in by the Intelligence Advisory Committee on 1 March 1955. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

ing, the Nationalists and the Indonesian Communist Party (PKI) will gain sufficient seats to form the new government in coalition. (*Paras. 52, 53*)

4. The use of force to overthrow the government appears unlikely during the period of this estimate. However, such action might take place if the PNI made a determined effort to postpone the elections or if it became obvious that the PNI was rigging the elections. Abrupt government efforts to remove the territorial commanders who oppose the policies of Defense Minister Iwa, unlikely at the present, might also result in forceful counteraction. In either case, if the present government's political opposition and the anti-Iwa elements in the army acted in concert, the government would probably be defeated. Even if successful, however, the resort to armed action probably would result in continued unrest and disunity throughout Indonesia. (*Para. 55*)

5. Through its tactic of supporting the present government, and of espousing popular national and local issues, the Communist Party has been able to increase significantly its prestige and appeal and has increased its membership and extended its organization. It has been able to win public support for international Communist causes, and to some degree has influenced Indonesian government policy toward labor and the armed forces. Nevertheless the party continues to face opposition from among principal army leaders, members of the bureaucracy, and opposition political parties. (*Paras. 15–20, 22, 26*)

6. A Communist attempt to take over the government by force is unlikely in 1955. Should the Masjumi come to power, either through elections or by force, it is possible that the Communists would attempt to harass the government by causing economic disruption through their control of SOBSI (a federation representing some 70 percent of organized Indonesian labor). They could also adopt terroristic tactics and seriously disrupt economic and administrative activities in several important areas. But they do not yet have, and are unlikely to develop in 1955, a paramilitary force strong enough either to take over the government or to seize and maintain effective control of large and important areas in Indonesia. (*Paras. 28, 56*)

7. Indonesia's short-term economic prospects are poor. Nevertheless, in view of the fact that adequate supplies of food and imported textiles will be available, economic unrest probably will not reach a level affecting the political situation in 1955. Indonesia probably has the resources to attain a stable and expanding economy in the long run, but the exploitation of these resources will probably be further delayed so long as political instability and insecurity exist and foreign capital or grant aid is discouraged. In these circumstances, the Indonesian economy is likely to remain in a precarious position for some time. (*Paras. 38–47*)

[Here follow paragraphs 8–56, the Discussion section of the Estimate; an appendix entitled "Land and People"; and two maps of Indonesia.]

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89. Memorandum of a Meeting of the OCB Working Group on NSC 171/1, OCB Conference Room, Washington, March 8, 1955, 10 a.m.[1]

WORKING GROUP MEMBERS PRESENT

State—Mr. Philip E. Haring
Defense—Lt. Col. Hugh F. Queenin
CIA—Mr. Valentine Goodell
FOA—Mr. Martin Mulholland (for Mr. Aitken)
USIA—Mr. Francis J. McCarthy
Treasury—Mr. Paul D. Dickens
OCB—Mr. Kenneth P. Landon

The working group considered a paper prepared in the State Department on the subject: "Courses of Action to Encourage Prompt Holding of and Favorable Outcome of Indonesian Elections."[2]

The Chairman reviewed current election prospects and prognosticated that the elections would probably be held in the middle of August. Courses of action in the paper were discussed and it was agreed that they were all in accordance with NSC 171/1; that they were all being implemented by various agencies; and that there was no need to seek approval of the Board for any of them. It was further agreed that they should be listed in the minutes of the meeting for the mutual information of the various agencies engaged in carrying out the courses of action. These were:

1. The Embassy should provide continuing estimates and recommendations on courses of action as to Indonesian elections as they draw near;

2. Encouragement should be given to all possible indigenous elements to attack the Communist Party on the grounds that it represented foreign control and was a false national front. . . . the Inter-

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[1]Source: Department of State, OCB Files: Lot 62 D 430, Indonesia. Secret. Drafted by Landon on March 9. Sent with a covering memorandum of March 10 from Staats to the OCB Board Assistants. Regarding NSC 171/1, see Document 81.

[2]Not further identified. A memorandum of February 1, from Francis J. Galbraith, then Acting Officer in Charge of Indonesian and Pacific Island Affairs and Chairman of the Working Group on NSC 171/1, to John E. MacDonald, then OCB Staff Representative on the Working Group, appears to be an earlier draft. (Department of State, Central Files, 756D.00/2–155)

national Communist Movement and its tactics in other countries should be portrayed.

3. . . .

4. . . .

4. [*sic*] The fact should be established in the minds of the Indonesians that the U.S. has maintained a proper relationship with Indonesia and that it is not guilty of interference in its domestic affairs;

6. Efforts should be made to emphasize the technical and health benefits which accrue from U.S. cooperation with Indonesia in fields in which that country expresses a need for assistance.

It was agreed that the next meeting would be called by the Chairman, in consultation with members of the working group as the elections draw near, for a further exchange of views and consideration of possible further courses of action.

Kenneth P. Landon
OCB Staff Representative

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90. Memorandum of a Conversation, Department of State, Washington, March 15, 1955[1]

MTW MC–3

PRIME MINISTER MENZIES' DISCUSSIONS IN WASHINGTON, MARCH 14 [*15*], 1955

PARTICIPANTS

Australia
Robert Gordon Menzies, Prime Minister
Sir Percy Spender, Ambassador to the United States
Arthur Harold Tange, Secretary of the Australian Department of External Affairs

United States
John Foster Dulles, Secretary of State
Herbert Hoover, Jr., Under Secretary of State
Livingston T. Merchant, Assistant Secretary for European Affairs
Walter S. Robertson, Assistant Secretary for Far Eastern Affairs

[Here follows discussion of China.]

Menzies asked, "What about Indonesia?" The Secretary replied that it would of course be a very serious matter to have this archipelago fall into Communist hands. What we can do is not clear. He had

[1]Source: Department of State, Conference Files: Lot 60 D 627, CF 439. Secret. Presumably prepared by Robertson, although the source text, dated March 22, bears no drafting information. Another memorandum of this conversation, MTW MC–2, refers to a separate memorandum by Robertson. (*Ibid.*)

talked with Ambassador Cumming at Manila.[2] Cumming thought the situation in Indonesia was better than generally believed. He felt that the elections would be held and that [the] Muslim Party would win. Menzies pointed out that the elections, however, would come after the Bandung Conference which presumably would bring great prestige to the present Government. . . . A discussion followed as to the effectiveness of our propaganda efforts. The Australians felt that their shortwave broadcasts had been effective. It was suggested by the Secretary that we might explore the possibility of such broadcasts from the Philippines.

[Here follows discussion of Malaya.]

Spender then brought up the question of West New Guinea which he said under no circumstances should be allowed to fall into Communist hands. The Secretary stated that we were also concerned and fully sympathized with their position but as explained to the Dutch we were equally concerned with keeping Indonesia with its 80 million people from falling into Communist hands. For this reason we did not feel that we should jeopardize our influence with the Indonesians by taking sides in the dispute. However, the Secretary said, if it came to a real showdown about New Guinea, then the United States would back Australia "right or wrong". The Prime Minister said he thought that spirit was reciprocated in Australia.

[2]See footnote 6, Document 86.

91. Memorandum From the Assistant Secretary of State for European Affairs (Merchant) to the Deputy Under Secretary of State (Murphy)[1]

Washington, April 5, 1955.

SUBJECT

U.S. Policy Regarding the Netherlands New Guinea Question

The pending revision of the NSC paper on Indonesia[2] has raised the question of what policy the Department should recommend to the NSC on the New Guinea question. The draft revision of the NSC paper prepared in FE[3] recommends the continuation of our policy of

[1]Source: Department of State, Central Files, 656.56D13/4–555. Top Secret.

[2]NSC 171/1, see Document 81.

[3]The FE draft was not found in Department of State files, but, according to a memorandum of April 8 from Robertson to Merchant, the paragraph in question,

Continued

neutrality. However, EUR has concluded that this policy should be changed to support the Dutch and Australian positions.

Attached is a memorandum which I have just sent to Mr. Robertson[4] together with a paper setting forth EUR's views on this subject (copy also attached). I believe it should be possible to resolve this question without the necessity of taking it to the Secretary and, for this purpose, suggest that you call a meeting of the interested parties.

[Enclosure]

Paper Prepared in the Bureau of European Affairs[5]

Washington, April 5, 1955.

U.S. POLICY REGARDING THE NETHERLANDS NEW GUINEA QUESTION

[Here follow sections (A) Present Policy Situation and (B) Considerations and Conclusions.]

C. Recommendations

It is recommended that, in private, the U.S.:

1. Explain to the Indonesian Government our view that the Netherlands New Guinea question is not now, nor will it be in the foreseeable future, a soluble problem (as they themselves recognize) and that sustaining it as an issue will continue to work to the disadvantage of Indonesia, the U.S., the Netherlands and the UN;

2. Express our concern that, if current efforts are maintained to keep the Netherlands New Guinea question alive, these efforts may ultimately create conditions which the Indonesian Government will feel oblige it to renew its request for further UN consideration of this question—even though we all recognize that the problem is not now soluble and that further UN consideration will only work to the disadvantage of all concerned.

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which is identical with paragraph 25 of NSC 171/1, reads: "While for the present maintaining neutrality in the New Guinea dispute in our relations with other governments, explore within the U.S. Government solutions to this problem compatible with over-all U.S. objectives, for possible discussion with other interested governments." (Department of State, Central Files, 611.56D/4–855)

[4]Not printed.

[5]Top Secret.

3. Endeavor, therefore, to persuade the Indonesian Government to curtail, if not drop, its efforts to keep the Netherlands New Guinea question alive;

4. Suggest to both the Dutch and Indonesian Governments that they seek to resolve, through negotiations, ancillary aspects of the problem—such as the Dutch Government's concern regarding Indonesian threats to use force against Netherlands New Guinea, and the fear of the Indonesian Government that Netherlands New Guinea is being used as a base for efforts to revive the South Molucca Republic;

5. If, despite these confidential representations, the Indonesian Government remains firm in its present attitude and continues, unabated, its current efforts to press the Netherlands New Guinea question, the U.S. should put it on notice that we will be obliged to oppose the Indonesian claim to sovereignty and any further attempt to refer the matter to the UN.

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92. Memorandum From the Officer in Charge of Indonesian and Pacific Island Affairs (Haring) to the Director of the Office of Philippine and Southeast Asian Affairs (Young)[1]

Washington, April 11, 1955.

SUBJECT

Meeting on April 8, 1955 with G—Mr. Murphy to discuss EUR recommendations for revising US policy on the Western New Guinea issue[2]

The following Departmental officers participated:

G—Mr. Murphy and Mr. Goodyear,[3]
S/P—Mr. Bowie and Mr. Schwartz,[4]
C—Mr. MacArthur,
IO—Mr. Key and Mr. Popper,[5]
EUR—Mr. Barbour
FE—Mr. Robertson and myself.

On the grounds that there might be some possibility of influencing the Indonesians to minimize the West New Guinea issue, and

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[1]Source: Department of State, Central Files, 656C.56D/4–1155. Top Secret.

[2]See the enclosure, *supra*.

[3]John Goodyear, Special Assistant to the Deputy Under Secretary of State.

[4]Harry Schwartz, member of the Policy Planning Staff and NSC Planning Board Assistant.

[5]David H. Popper, Director of the Office of United Nations Political and Security Affairs.

that we are losing the support of the Australians and Dutch, EUR felt we should take the occasion of the review of our policy toward Indonesia to move off the neutrality position. Mr. Barbour said that neutrality favored the Indonesians especially in that it implied that we felt a dispute existed as to the area. He wished to have a position that would be helpful in our relations with the Australians and the Dutch before the next UNGA and that would forestall deterioration of our NATO, ANZUS, and other relations where we work so closely with these countries. He conceded that neither the Dutch nor the Australians were likely to go so far as to withdraw from these activities with us and that their other interests might outweigh immediate considerations on the New Guinea problem, but that as a continuing irritant on which we failed to respond to them we were damaging our relations with them with effects on "our whole European complex".

Mr. MacArthur noted that what we do vis-à-vis Indonesia has vast implications to keeping that country of 80 million out of Communist hands and even wider implications as to the whole FE area which is already turbulent.

Mr. Robertson described the neutral policy which had been successfully held thus far as the best possible course we could follow. He said he knew the Australian and Dutch Ambassadors here very well and that they seemed to understand our position and the other issues involved. It is in their own interest that an inflammatory issue, such as West New Guinea, not blow up and incite the Indonesians to move away from the relatively favorable developments we expect to come out of their forthcoming national elections. Nothing could more damage the Dutch and the Australians than to have the Indonesians more unsettled and go toward the Communists for support; New Guinea interests would be insignificant in comparison to those problems.

Mr. Robertson said he saw no need for a US hand in the matter at all; the Dutch by signing Article II of the RTC[6] conceded that there was a dispute, and if our position of neutrality actually suggested that a dispute existed it was no more than the Dutch themselves said when they signed the Article; we do not have to take a position that no dispute exists and we can look to revision of the US policy on New Guinea when and if the Communist threat or other factors cause us to do it.

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[6]Reference is to the Charter of Transfer of Sovereignty (from the Netherlands to Indonesia), one of several agreements included in the Round Table Conference Agreement, which was accepted at the Round Table Conference at The Hague, November 2, 1949, and went into force on December 27, 1949. For text, see 69 UNTS 3.

There was common agreement among G, S/P, C, FE, and IO that no approach should be made to the Indonesians at this time and that we should not be revising our policy at this time.

G—Mr. Murphy suggested prefacing the draft paragraph with the words: "Since general elections are due in Indonesia in late 1955, we should await their outcome, in the meantime," maintaining our neutrality, etc.

EUR—Mr. Barbour indicated he would like to discuss that suggestion with others in EUR.

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93. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 13, 1955—3 p.m.

1782. Following my comments on seriatim number paragraphs Deptel 1573:[2]

1. Agree this objective desirable insofar as these parties under leadership which opposed cooperation PKI. Present trend however is further divergence PNI–Masjumi for reasons probably basic and beyond our control despite Sukarno's recent but rare though vigorous assertion his unity with Hatta (my 1437[3]). These reasons spring from (a) Sukarno's increased identification with PNI and his policy reducing relative strength Masjumi at cost PKI support and enhancement left-wing PNI and other leftist groups which support concerted effort secure Irian and push "Marhaenism";[4] (b) Erosion Sukarno's moral

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[1]Source: Department of State, Central Files, 611.56D/4–1355. Top Secret; Priority.

[2]Telegram 1573 to Djakarta, April 5, requested Cumming's comments on the following courses of action proposed in connection with the pending NSC paper on Indonesia:

"1) Encourage anti-Communist and non-Communist elements toward cooperation in attaining national aspirations and toward opposing Communist elements; minimize and discourage extreme divergence among PNI, Masjumi and other non-Communist political parties; 2) Seek to isolate, discredit, weaken, disorganize PKI; 3) Preserve US ability to work with all non-Communist elements in power or who may come to power; 4) Be prepared, in response to Indonesian requests, to make available additional economic aid when it is determined favorable conditions prevail in Indonesian government; and 5) Seek to have free Asian nations such as Philippines, Thailand and Pakistan exert influence on Indonesia by political, cultural and other means to broaden areas understanding US." (*Ibid.*, 611.56D/4–855)

[3]Telegram 1437 from Djakarta, March 1, reported that in a speech on February 25, Sukarno had denied any breach between himself and Hatta. (*Ibid.*, 756D.00/3–155)

[4]Marhaen, a word coined by Sukarno in 1930, refers to the common people of Indonesia, both workers and peasants.

character and appeal to intelligensia; (c) Masjumi preference for Hatta and lukewarmness for Pantjasila. Sukarno however still strongest leader, determined retain power and with unchallenged ability sway and hold allegiance of masses of Indon people. We should therefore not buck Sukarno. However though Masjumi leaders are prepared accept younger right-wing PNI men in future government they are adamantly opposed to cooperate with or cease attack on Siddik-managed PNI. Masjumi is confident its strength and has proposed if necessary support Hatta against Sukarno in election. Hatta has not agreed accept their proposal that he run on Masjumi ticket but significantly has not declined. (Embtel 1282[5]) I believe we must not oppose this Masjumi policy and that we must be careful avoid connotation special help to Ali government so long as it associated with PKI.

2. This has been and I hope will continue be major objective United States policy and work this Embassy.

3. I agree in principle but I believe there will be occasions where without reflecting on or derogating from our posture basic friendliness to Indon people we can and should take clear stand opposing those political elements aiding and abetting PKI and where we can and should declare our approval actions those political elements clearly opposing PKI. I believe we should neglect no opportunity convince Indon people that those political parties and leaders who refuse collaboration with communism will receive full support United States. This will involve some risk incurring displeasure PNI leaders, including perhaps President Sukarno.

4. "Favorable conditions" should include as sine qua non an Indo Government opposed to and prepared take steps curtail activities PKI. I continue oppose any "economic" aid until installation such government though I continue support United States "technical" assistance as means raising general level abilities Indon people. Last paragraph mytel 1126[6] [omission].

5. I agree in principle desirability exploiting whatever opportunities may arise to encourage cooperation between Manila Pact countries Asia and Indo in all fields. But I would caution against optimism that such cooperation will be greatly productive in near future.

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[5]Telegram 1282 from Djakarta, February 3, reported a conversation between Cumming and Masjumi leader Mohammad Roem, during which Sukarno's ties with the PNI and Hatta's affiliation with the Masjumi was discussed. (Department of State, Central Files, 756D.00/2–355)

[6]Telegram 1126 from Djakarta, January 13, reported that a "Communist-line" newspaper had carried an article on Cumming's meeting the previous day with the Foreign Minister (see footnote 5, Document 84). The last paragraph stated that the meeting had not been reported elsewhere in the press and commented: "Incident further illustrates lack of security which we must bear in mind in dealing with Indonesian Government offices." (Department of State, Central Files, 756D.00/2–355)

I think that one of the unavoidable costs of SEATO was that it divides the sheep from the goats and makes Indon participation in regional cooperation more difficult. I would also caution against exposing United States efforts to stimulate such cooperation. United States cannot realistically expect Indo to side with free world in forseeable future but as first step should seek bring Indo to at least one stand possibly in some cases benevolent neutralism.

Cumming

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94. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 29, 1955—5 p.m.

2092. Joint Ali–Chou statement[2] is culmination of trend which has been developing gradually in Indonesian foreign policy under present government. It must also, however, be considered as a logical, though to me unexpected, culmination of the leftward trend of President Sukarno's own thinking which came into open with his Palembang speech last November,[3] as well as evidence of the high price he is willing to pay to fulfill his emotional irredentism re Irian. With respect last point, impetus his ambitions concerning Irian given by unanimous recommendation of Bandung Conference[4] may have played part in joint statement. On other hand the very fact that A–A Conference did give support to Indonesia should have made unnecessary specific support of Red China.

With regard to Indonesian foreign policy aspect, we should recall that last year when on his Delhi visit Ali broached question of a

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[1]Source: Department of State, Central Files, 756D.00/4–2955. Secret; Priority.

[2]Reference is to a joint statement issued on April 28, by Ali and Chou at the conclusion of a visit by the latter to Djakarta; for text, see *Documents* (R.I.I.A.) for 1955, pp. 469–470.

[3]Reference is to Sukarno's speech in Palembang, Sumatra, on November 9, 1954. Telegram 740 from Djakarta, November 10, 1954, reported that Sukarno had charged that some of the opponents of the Ali government were in the pay of foreigners and declared that anyone in favor of social progress should oppose capitalism. The telegram commented that the speech marked an abandonment of Sukarno's position above domestic politics and an "unequivocal endorsement" of the existing government coalition and the Nationalist Party. (Department of State, Central Files, 756D.00/11–1054)

[4]The communiqué issued by the Conference on April 24, supported Indonesia's position in the West Irian dispute, urged the Netherlands Government to reopen negotiations, and expressed the hope that the United Nations would assist in finding a peaceful solution. For text, see *AFP: Basic Documents, 1950–1955,* vol. II, pp. 2344–2352.

non-aggression pact with Red China (Embtel 526[5]) the reaction in Indonesian political circles, including some elements PNI, was not favorable. Further unfolding of Ali's mental processes was provided by his statement to me (Embtel 1409[6]) minimizing subversive danger of Chinese Communists in Indonesia and exaggerating the menace of "KMT agents". . . . . On eve of Bandung Conference, Ali described US policy on Taiwan as "negative" and said his reaction to US appeal for non-use of force in Taiwan Straits was one of disappointment (Embtel 1787[7]). The significance of the dual citizenship treaty,[8] which many informed observers here regard as containing no real advantage for Indonesia but constituting a valuable propaganda tool for Peking (Embtel 1795[9]) was the next important step leading to the joint statement issued yesterday.

If additional proof were needed of Ali's dangerously ignorant fuzziness of mind and opinions re world affairs, it is provided by a statement he made to a reliable American journalist morning April 28 that he thought the states of Eastern Europe were "really free and independent"; Ali next roughly compared their relationship to Soviet Union with relationship between UK and Australia, etc.

A determined and successful effort was made by the anti-Communist countries at Bandung to suppress the five "coexistence principles"[10] on grounds that their adoption as such by conference would support Communist propaganda, that China would not sincerely carry out the principles and that joint subscription to them by free world countries and Communist states would be misleading and have a lulling effect on public opinion. Ali's endorsement of these principles,[11] which could not have been made without President Sukarno's support, therefore must be regarded as a demonstrative step towards closer relations with Peking and toward a more leftist foreign policy.

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[5]Telegram 526 from Djakarta, September 30, 1954, not printed. (Department of State, Central Files, 656D.93/9–3054)

[6]Telegram 1409 from Djakarta, February 25, reported on a conversation that morning between Cumming and Ali, not printed. (*Ibid.*, 793.00/4–1355)

[7]Telegram 1787 from Djakarta, April 13, not printed. (*Ibid.*)

[8]A treaty between Indonesia and the People's Republic of China, providing that Chinese in Indonesia holding dual citizenship should choose one or the other, was signed at Bandung on April 22. For text, see *Documents* (R.I.I.A.) for 1955, pp. 465–469.

[9]Telegram 1795 from Djakarta, April 14, not printed. (Department of State, Central Files, 756D.08/4–1455)

[10]The five principles, as set forth in a Sino-Indian communiqué of June 28, 1954, were: mutual respect for each other's territorial integrity and sovereignty, nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence; for text of the communiqué, see *Documents* (R.I.I.A.) for 1954, pp. 313–314. In an April 23 speech at the Bandung conference, Chou had proposed seven similar principles; the text of his speech is *ibid.*, 1955, pp. 420–425.

[11]The statement referred to in footnote 2 above stated that Sino-Indonesian relations were based on the five principles listed in footnote 10 above.

In light of contemporary events in the Taiwan area and in the more specific context of my conversation with Ali reported in Embtel 1787, paragraph numbered 4 of the joint statement[12] can only mean that in return for formal Red Chinese support of Indonesian claims on Irian, Sukarno and Ali have put into writing and published to the world Indonesian support of Chinese Communist claims on Taiwan. By implication they also support the as yet unwithdrawn Chinese assertions that they will "liberate" Taiwan by force.

I believe we cannot under-estimate the value of the joint statement to Peking as endorsement of Red China's foreign policy. Nor do I believe we should under-estimate the strength it will directly give Indonesian Communists and indirectly the PNI and associated parties in forthcoming election campaign: It is proof that Communists have powerful connections abroad and that they are riding on "wave of future". On the other hand, judging by their rejection of non-aggression pact idea and their open criticism of dual citizenship treaty, Indonesian opposition parties can be expected to attack the statement severely on ground that it is a departure from Indonesian independent foreign policy. (I am seeing Natsir[13] privately April 30 and will try obtain his views this matter as well as on domestic political situation.[14])

Since the joint statement affects us and is foreign policy question and since, properly handled, it can also be an important campaign weapon against the present government by such parties as Masjumi and PSI, I would suggest the following course of action: (1) That I be authorized to seek from Prime Minister Ali or Sunario, either on instructions or on my own initiative, clarification of the meaning of paragraph 4, pointing out that an initial interpretation would seem to indicate Indonesian support of any action Red China might take in Taiwan area including [use] of force; (2) That we be cautious in our own comments over VOA and elsewhere until Ali has had an opportunity to give me an explanation; (3) That in meantime we point out to our own press in Washington as background the possible serious implications of the statement and especially paragraph 4, both as regards leftward orientation of Indonesian foreign policy including encouragement to domestic Communist party and support to Chinese actions against Taiwan; (4) That if Ali's explanation is evasive or unsatisfactory that I be called home for brief

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[12]Paragraph 4 reads: "The two Prime Ministers declare that it is the inalienable right of the people of any country to safeguard their own sovereignty and territorial integrity. They express deep sympathy and support for the efforts of either of the two countries in safeguarding its own sovereignty and territorial integrity."

[13]Mohammad Natsir, Chairman of the Masjumi Executive Council.

[14]Cumming's conversation with Natsir was reported in telegram 2097 from Djakarta, April 30. (Department of State, Central Files, 756D.00/4–3055)

period consultation without public explanation. Indonesians will get the point without our having to get embroiled with them publicly.

Foregoing represents views of all Embassy officers including . . . and PAO.

Cumming

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95. National Security Council Report[1]

NSC 5518 *Washington, May 3, 1955.*

U.S. POLICY ON INDONESIA

Draft Statement of U.S. Policy on Indonesia

General Considerations

1. Indonesia is important as a country of 80 million people which recently won its independence from colonial rule; as a strategically-located island chain commanding the routes between the Pacific and Indian Oceans and between Asia and Australia; and as a world supplier of rubber, tin, copra and petroleum. The loss of Indonesia to Communist control would have serious consequences for the U.S. and the rest of the free world.

2. The danger of external armed aggression against Indonesia is now remote, but would become serious if Communism continued its advance on mainland Southeast Asia. Internally, while there is no immediate prospect of a Communist seizure of power, the possibility that Indonesia may fall to Communism by force, subversion or legal political means is a continuing, long-run danger because of Indonesia's political instability, uncertain economic situation, internal security problems and popular attitudes precluding full cooperation with the free world.

3. Indonesian politics are currently dominated by maneuvering for advantage in the parliamentary elections now scheduled for September, 1955. The most probable outcome of these elections is the emergence of an anti-Communist government dominated by the

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[1]Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series. Top Secret. Transmitted under cover of a note from NSC Executive Secretary Lay stating that the enclosed draft statement of policy was transmitted for consideration by the Council at its May 12 meeting and that it was intended, if adopted, to supersede NSC 171/1 (see Document 81) and NSC 5417/3, "United States Rubber Policy", October 18, 1954 (see footnote 2 below).

Moslem Party (Masjumi) to replace the present Ali government, which is a coalition led by the Nationalist Party (PNI) and often dependent upon support by the Communist Party (PKI) with the participation of some Communist sympathizers, though no avowed Communists, in the cabinet. However, the possibility remains that the Nationalists will obtain sufficient parliamentary seats to form a new government in coalition with the Communist Party, which has recently increased its membership and intensified its political activity.

4. If the Masjumi controls the government after the parliamentary elections, it will probably restrict Communist activity, might seek Western aid for economic development, and would be somewhat more friendly toward the West, without, however, abandoning Indonesia's present policies of neutralism and nationalism. A Masjumi government would thus afford the U.S. a more favorable opportunity for exerting increased efforts toward attaining its objectives in Indonesia. Other outcomes of the election would be likely to continue the present uncertain situation or, in the case of a Nationalist-Communist coalition, would probably open the way to an increase, possibly rapid, in Communist influence. Elections to choose a constituent assembly for the drafting of a permanent constitution are scheduled for December 15, 1955. They are likely to be influenced by the outcome of the parliamentary elections.

5. With its rich and largely undeveloped natural resources and increasing food production, Indonesia could, under favorable conditions, gradually develop the economic base to make it an important Asiatic power. Its economic development, however, has been hampered by lack of an effective development policy and an absence of investment capital, by administrative ineptitude and antiquated procedures, by a dearth of trained personnel and a low literacy level. Its economy is also vulnerable to fluctuations in the world market prices of a few key export commodities (rubber, tin, and copra) on which the country depends for foreign exchange to pay for its increasing imports.

6. Indonesia needs foreign assistance for full realization of its economic potential. Soviet bloc countries have recently been attempting economic penetration through credits, trade agreements, participation in trade fairs and technical assistance. The U.S. has conducted an effective technical assistance program in Indonesia, but has been confronted with Indonesian reluctance to conclude bilateral agreements in order to obtain economic aid. Private investment has been hampered by Indonesian insistence on controlling foreign-owned business. When favorable conditions prevail in the Indonesian Government, the U.S., by being immediately responsive to a request from the Government for an economic aid program, could effectively dem-

onstrate its willingness to assist Indonesia to insure its independence and to further its economic development.

7. U.S. capability directly to influence Indonesian policy is severely limited by certain fundamental Indonesian attitudes.

a. Indonesia has a strong legacy of anti-colonial feeling from its experiences with the Dutch and Japanese, has a strong sense of nationalism and independence, and displays extreme sensitivity to any appearance of foreign interference in Indonesian affairs. These attitudes are often exploited to depict U.S. policy as a new form of colonial domination. These factors have led Indonesia to adopt an attitude of independent neutralism which inhibits close cooperation with the West.

b. Many Indonesians do not fully appreciate the current danger of internal Communism, partly because of their success in suppressing a Communist revolt in 1948 and partly because the Party now poses as a "respectable, law-abiding" organization. The Indonesians feel protected from external aggression; they have an inherent fear of China as a power, but do not regard it as an immediate threat.

8. The capacity of the U.S. to influence Indonesia is also limited by lack of effective U.S. response on specific issues which the Indonesians consider important. Chief among these is the Indonesian claim to West New Guinea. The Netherlands and Australia are adamant in their position that the Dutch should retain control of West New Guinea. Thus far the U.S. has maintained a position of neutrality between the conflicting claims. Any other U.S. approach would open us to violent condemnation and loss of influence with one side or the other.

9. Despite the limitations on U.S. capabilities to influence Indonesia, U.S. policy has valuable potential assets in Indonesia. Chief among these is the basic good will toward the U.S. existing among the Indonesian people and leaders, due largely to the long U.S. tradition of anti-colonialism and willingness to help newly-independent peoples. Indonesia realizes its need for foreign private investment and for economic and technical assistance. The great body of the army and the national police is firmly anti-Communist and oriented toward the U.S., and looks to the U.S. and other Western sources for supplies and matériel. . . .

Objectives

10. To prevent Indonesia from passing into the Communist orbit; to persuade Indonesia that its best interests lie in greater cooperation and stronger affiliations with the rest of the free world; and to assist Indonesia to develop a stable, free government with the will and ability to resist Communism from within and without and to contribute to the strengthening of the free world.

Courses of Action

11. In carrying out our policy toward Indonesia, avoid so far as possible the appearance of interfering in Indonesian internal affairs.

. . . . . .

13. Contribute to such an outcome of the impending elections as will permit a non-Communist party or coalition to form a government free of dependence upon Communist support. At the same time, take care not to prejudice our ability to work with any non-Communist government that may come to power.

. . . . . .

15. Seek to broaden Indonesian understanding of the U.S. and to convince Indonesia that closer cooperation with the U.S. is desirable, by:

a. Assisting Indonesians to travel and study in the U.S. and other free world countries.
b. Undertaking a broad program for increased training of Indonesians.
c. Making full use of U.S. private organizations to assist educational, cultural, medical, and scientific activities in Indonesia.
d. Identifying the U.S. with willingness to assist peoples struggling with problems of independence, and emphasizing the U.S. tradition of anti-colonialism.

16. Increase Indonesia's military and police capabilities by:

a. Providing, especially for internal security purposes, military and police training and equipment as requested by Indonesia and determined to be in the U.S. interest.
b. Responding favorably, if conditions are suitable, to any Indonesian request to establish a U.S. military mission in Indonesia.
c. Attempting to insure that the West is the principal source of Indonesian military and police matériel.

17. Assist Indonesia in meeting its important economic problems and in countering attempted Communist economic penetration, by:

a. Expanding technical assistance.
b. Being prepared, in response to Indonesian requests and when the U.S. determines conditions are favorable, to provide economic aid for such specific programs as will significantly serve these purposes.
c. Being prepared, at the discretion of the Secretary of State, to initiate a program to aid Indonesian rubber production along the general lines which were contemplated in NSC 5417/3 (see Annex),[2]

[2]The annex, not printed, consists of extracts from NSC 5417/3, "United States Rubber Policy," October 18, 1954. NSC 5417/3, which outlined a program to assist

Continued

when the Indonesians are receptive and when conditions are determined to be favorable.

d. Utilizing all practicable means of assisting Indonesia to:

(1) Improve its basic economic and fiscal policies.

(2) Improve administration by modernizing laws and procedures.

(3) Rapidly increase training of personnel in economic and technical fields.

(4) Formulate a balanced and coordinated development program.

(5) Create a favorable climate for private capital.

(6) Diversify the economy without neglecting staple exports.

18. Seek to develop better relations between Indonesia and other free nations by:

a. Encouraging improved trade relations between Indonesia and Japan and an early and mutually beneficial settlement of the reparation question.

b. Persuading the Indonesians to move in the direction of those regional activities and organizations endorsed by NSC 5506.[3]

c. . . .

19. While for the present maintaining neutrality in the New Guinea dispute in our relations with other governments, explore within the U.S. Government solutions to this problem compatible with over-all U.S. objectives, for possible discussion with other interested governments.[4]

[Here follow a Financial Appendix; Table II, entitled "Availability of Funds in Relation to Expenditures, FY 1955–1957"; a Summary Explanation of the programs listed in Table I; an annex containing extracts from NSC 5417/3; and a staff study on Indonesia.]

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small producers of natural rubber in Indonesia, had not been implemented. In NSC Action No. 1284–c of December 9, 1954, the Council requested its reconsideration by the Operations Coordinating Board in 6 months.

[3]For text of NSC 5506, "Future U.S. Economic Assistance to Asia," January 24, 1955, see volume XXI.

[4]The page of the source text that contains paragraph 19 is marked "revised 5/5/55." A May 5 memorandum from Lay to all holders of NSC 5518, enclosing the revised page requested that the superseded page be destroyed and reported, as requested by the Department of State, that the revised page contained a policy statement on the New Guinea dispute identical to paragraph 25 of NSC 171/1. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518)

96. Memorandum of a Conversation, Department of State, Washington, May 6, 1955[1]

SUBJECT

1) Clarification Chou En-lai Statement
2) New Guinea—Irian
3) Offer of Good-Offices for Negotiations on Formosa
4) Confidential Indonesian comment on Chou En-lai's Intentions as to Negotiations

PARTICIPANTS

The Secretary
The Indonesian Ambassador, H.E. Mukarto Notowidigdo
Assistant Secretary Robertson
PSA—Mr. Philip E. Haring

1) Ambassador Mukarto reiterated Prime Minister Ali's statement to Ambassador Cumming that his government intends to support only "the peaceful efforts" of the People's Republic of China in safeguarding its sovereignty and territorial integrity.[2] He expressed embarrassment that his Government had failed to spell out that its intention was limited to peaceful efforts but added he felt that everyone in the world realized that Indonesia itself had only peaceful intentions. The Secretary expressed appreciation for the clarification.

2) Ambassador Mukarto recalled that the Secretary on April 30 to him,[3] and publicly on other occasions had expressed general agreement with the principles of the Bandung Conference. He asked if his Government might interpret this as US endorsement of negotiations between Indonesia and the Dutch on New Guinea inasmuch as the Conference urged "the Netherlands Government to reopen negotiations as soon as possible . . . [4] and expressed the earnest hope that the UN could assist the parties concerned in finding a peaceful solution to the dispute". The Secretary said that his previous statements did not extend to all of the specific subjects in the Conference communiqué and he could not immediately recall just what was said on Irian-New Guinea. He added that we had not recently reviewed our position on that issue but that we had maintained a policy of neutrality in the course of the last General Assembly. Mr. Robertson

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[1]Source: Department of State, Central Files, 611.56D/5–655. Secret. Drafted by Haring.

[2]Ali made the statement in a conversation of May 2, when Cumming asked him to clarify the meaning of paragraph 4 of the Ali–Chou statement (see footnote 12, Document 94). (Telegram 2113 from Djakarta, May 2; Department of State, Central Files, 793.00/5–255)

[3]In an April 30 conversation, Dulles had complimented Indonesia on the results of the Bandung Conference and asked Mukarto to clarify paragraph 4 of the Ali–Chou statement. (Memorandum of conversation by Haring, April 30; *ibid.*, 670.901/4–3055)

[4]Ellipsis in the source text.

added that we had in fact reviewed our position within the past few days[5] but had not referred the matter to the Secretary as it was felt that on this issue where two of our friends, the Netherlands and Indonesia, were concerned we could follow no better policy than that of being neutral between them. The Secretary commented on the efforts of the Dutch and other governments to bring us to modify our policy to favor them but said that we felt it was in our interest and the best course to remain neutral. The Ambassador expressed deep appreciation for the expression of the Secretary's views and recalled that he had conveyed the appreciation of his Government after the last General Assembly as well.

[Here follows discussion pertaining to conversations at Bandung between Ali and Chou En-lai.]

[5]The subject had been considered in connection with the preparation of NSC 5518 (*supra*) and a position paper on New Guinea for a NATO Ministerial meeting scheduled in Paris May 9–11. (NATO D–14/3a, May 6; Department of State, Conference Files: Lot 60 D 627, CF 446)

97. Memorandum of Discussion at the 248th Meeting of the National Security Council, Washington, May 12, 1955[1]

[Here follow a paragraph listing the participants at the meeting and item 1, Significant World Developments Affecting U.S. Security.]

2. *U.S. Policy on Indonesia* (NSC 171/1; NSC 5417/3; NSC 5518;[2] NIE 65–55;[3] Memo for NSC from Executive Secretary, subject: "U.S. Rubber Policy", dated May 5, 1944;[4] Memo for NSC from Executive Secretary, same subject, dated May 9, 1955[5])

[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by Gleason on May 13.

[2]NSC 5518 is printed as Document 95. Regarding NSC 5417/3, see footnote 2, *ibid.* Regarding NSC 171/1 and NSC 5429/5, see Document 81.

[3]Document 88.

[4]This memorandum enclosed a memorandum of May 4 from Staats to Lay, which reported that the OCB that day reconsidered the implementation of NSC 5417/3 and recommended that, since the Indonesian Government had shown no interest in such a program and the Embassy in Djakarta had not recommended any action, NSC 5417/3 should not be implemented at that time, but should be considered by the NSC Planning Board as a part of its review of overall policy toward Indonesia. Lay's memorandum noted that the Planning Board had included a paragraph on the subject in NSC 5518. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series)

[5]This memorandum enclosed a May 6 memorandum from the Joint Chiefs to the Secretary of Defense stating that they considered NSC 5518 acceptable from the military point of view and recommended that he concur in its adoption. (*Ibid.*)

Mr. Anderson began his briefing of the most important features of the proposed new statement of policy. The President interrupted him to inquire why it was that when the Indonesian Republic had been set up, Western New Guinea had been excluded. [Acting] Secretary Hoover and other members of the Council explained why Netherlands New Guinea was still the subject of negotiation between Indonesia and the Dutch.

Mr. Anderson continued his briefing by reading the pertinent paragraphs describing the U.S. program for assisting the small holders to improve the raising and marketing of rubber in Indonesia.

Mr. Rockefeller broke in to inquire whether the proposed new policy on Indonesia called for the utilization of UN or regional instrumentalities to assist Indonesia to develop more effective means of meeting its rubber problem. If it was true, as the policy statement seemed to suggest, that it was often difficult for the United States to provide assistance to Indonesia unilaterally, it might be possible to assist Indonesia by the use of UN or other regional instrumentalities.

Governor Stassen replied that if it proved to be in the interest of the United States to make use of UN agencies or other regional instrumentalities, such as the Colombo Plan, in assisting Indonesia, the policy statement certainly permitted it. The President asked Governor Stassen whether, if we had recourse to such mechanisms, they would be susceptible to being steered in the direction of U.S. aims and objectives. Governor Stassen answered that as a rule, of course, it was more difficult for the U.S. to control the direction that such agencies proposed to take.

Secretary Hoover then stated his view that for several good reasons the State Department opposed implementing the rubber program for Indonesia at the present time. In the first place, there were the forthcoming national elections, which might quite notably change the picture. Moreover, if we were to implement the program for planting new and better trees, it would be necessary to take out of production a great many areas where inferior rubber trees were now being tapped. For this reason many Indonesians themselves opposed this program.

Secretary Humphrey expressed warm approval of Secretary Hoover's statement, and said he hoped that the Secretary of State would give this problem a lot of thought before making any decision to go forward with it. The President said that he judged that Secretary Humphrey did not approve of this program, and Secretary Humphrey replied that he certainly did not. He did not object to the creation of schools to train Indonesians in better productive processes, but he opposed the program for planting new rubber trees.

Governor Stassen explained that of course the basic objective of the rubber program was to prevent Indonesia from falling prey to

Communism. The Communists were obviously making use of the Chinese middlemen to advance their cause. Accordingly, it seemed to Governor Stassen very desirable to institute a program which would assist and improve the lot of the Indonesian smallholders. The President said that we could safely leave the decision on the implementation of the rubber program to the Secretary of State, as indicated in the present report. After all, Secretary Dulles was not to be classified as "a great radical".

Mr. Anderson then pointed out that the Acting Secretary of Commerce, Mr. Walter Williams, had been invited to attend this Council meeting to represent the interests of the Department of Commerce in the Indonesian rubber program. Secretary Williams said that his people in the Commerce Department felt that the imminence of new elections in Indonesia argued strongly against implementation of the Indonesian rubber program at the present time. The experts in the Commerce Department also believed that there was quite a high degree of non-receptivity to this program in Indonesia. Secretary Williams went on to request that if the Secretary of State at some future time decides to bring up this matter again, the Commerce Department and other interested Government agencies be given an opportunity to present their views.

Governor Stassen said that he wholeheartedly agreed with the recommendation of the present policy that the timing of the implementation of the rubber program be left to the discretion of the Secretary of State. While there was obviously no sense in trying to ram such a program down the throats of the Indonesians, he could not refrain from pointing out that where we have been successful in rolling back Communism in various backward countries, we had usually seen to it that there was some considerable improvement in the lot and the lives of the ordinary run of people.

Secretary Hoover said he had two additional comments to make apropos of the policy on Indonesia. In the first place, he wished to point out the high quality of Hugh Cumming, the United States Ambassador to Indonesia. . . .

Mr. Anderson then said that he judged that the Council was prepared to approve the draft policy submitted by the Planning Board. This was the consensus of the Council.

. . . . . .

The National Security Council:[6]

a. Noted and discussed the draft statement of policy on the subject contained in the reference report (NSC 5518) in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of May 9, and of the recommendations of the Operations Coordinating Board concerning NSC 5417/3, transmitted by the reference memorandum of May 5.

b. Adopted the statement of policy in NSC 5518.

Note: NSC 5518 subsequently approved by the President and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

[Here follows the remainder of the memorandum.]

S. Everett Gleason

[6]Paragraphs a–b constitute NSC Action No. 1396. (S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1955)

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98. Letter From the Ambassador in Indonesia (Cumming) to the Director of the Office of Philippine and Southeast Asian Affairs (Young)[1]

Djakarta, May 20, 1955.

DEAR KEN: Your letter of April 1[2] enclosing copy No. 20 of a memorandum of conversation between the Secretary and Prime Minister Menzies on March 14 [*15*], 1955 (dated March 22)[3] arrived during the Bandung Conference. The pressure of work at that time and in the ensuing weeks has delayed the preparation of a reply.

The difficulty of the present situation is of reconciling the anti-colonialistic posture of the United States with practical necessities, of carefully balancing the views of our close allies, Australia and the Netherlands, with the ground swell of Asia opinion, which, unless it changes, will continue to press for the removal of the last vestiges of Western colonialism. The Bandung Conference represents only another confirmation of the unanimity of Asian nations regarding anti-colonialism which we should recognize as the end product of modern Asian history.

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[1]Source: Department of State, 123–Cumming, Hugh S., Jr. Top Secret; Official–Informal.

[2]Not found in Department of State files.

[3]See Document 90.

There is no doubt that the Australians are disturbed as evidenced by any number of statements and facts at the prospect of any Indonesian Government obtaining control of Western New Guinea. In Australian thinking, Indonesia is inherently unstable and Indonesian control of West New Guinea would always be a weakness in Australia outer defenses. It might better be said that Australia's fear of Indonesia, perhaps arrived at almost subconsciously, is based on the demographic pressures which will result from a continuing growth in the Indonesian population, a trend on which I see no limiting factor visible at the present time. If Indonesia obtains control over West New Guinea and if the current population trend in Indonesia continues, it seems almost inevitable that within several generations there will develop in Indonesia great population pressure which will probably be expressed politically by demands for East New Guinea. This would appear the more likely if the increase in Australia's population does not maintain the present ratio of strength between the two countries, particularly if Indonesia becomes a viable, more closely integrated state.

At the same time that Australian views on the disposition of West New Guinea continue to harden, Indonesian official eagerness to obtain the territory is becoming more intense. For all parties, the problem has ceased to be a legalistic one but has become charged with emotional content, stemming on the Indonesian side from the mystical ideology of the national revolution, of which the principal proponent is President Sukarno. His view, which he constantly expounds and which will undoubtedly be given an extensive airing at the All Indonesian Congress now scheduled for mid-August, is that the Indonesian revolution will be incomplete until Indonesian sovereignty is extended over Dutch New Guinea. The President believes, together with many other Indonesians, that this country was under such heavy pressure at the Round Table Conference in 1949 that it had no choice but to allow the Dutch to remain in control of New Guinea. They regard as a betrayal of faith the Dutch failure to agree to a determination of the status of New Guinea within one year from the time of the transfer of sovereignty and the current refusal of the Dutch even to talk about, much less transfer, sovereignty, over West New Guinea.

In other words, the so-called "liberation of West Irian" has now become a national objective, which a change of government in Indonesia, such as the coming to power of the opposition parties after the elections would not basically affect. I do not anticipate, however, that the opposition parties, once in power, would press for action on New Guinea as relentlessly as the Sukarno–PNI combine. But sooner or later such a government would feel constrained to make further attempts of some kind to acquire "West Irian." Although I think we

can appreciate Australian fears about the persistence and emotionalism of Indonesia's campaign to get "Irian", the acquisition of a voice in the administration of West New Guinea would not necessarily lead to a campaign to create a still greater Indonesia. With one or two exceptions, such as Mohammed Yamin's statement shortly after the transfer of sovereignty from the Netherlands, the Indonesians do not attack the presence of the British in Borneo and the Portuguese in Timor.

Indonesian tenaciousness in pursuing its primary goal of acquiring sovereignty over West New Guinea has become increasingly dogged over the past year. In Indonesian eyes, their country secured a moral victory in the UN last fall, only to have the fruits of that victory snatched away by Dutch lobbying in the corridors, at which the Indonesians believe the Dutch are more adept than they. This result may have had some bearing on the leftward drift of the foreign policy of the Indonesian Government since that time. You will remember that President Sukarno alluded to such a possibility, (as reported in mytel 1496 of June 15, 1954[4]) which has materialized in the joint Ali–Chou statement of April 28. The Indonesians were so desirous of obtaining Chinese support for their position on New Guinea, which was already pledged by the final communiqué of the Asian-African Conference at Bandung, that they agreed to wording which could be interpreted as meaning they would support an armed Chinese Communist attack on Taiwan. Even though, as I have reported, they backed away from this interpretation, the incident illustrates how blind they can become when New Guinea is involved. The fact that some 28 nations at Bandung, including many of our close allies, agreed that Dutch Indonesian negotiations should take place is going to encourage the present government to continue its agitation on this subject. Foreign Minister Sunario was quite emotional when he thanked the Conference for its resolution on New Guinea and I fear his attitude is probably representative of most of the articulate elements in the national sentiment.

It is simply because we shall be plagued by the New Guinea question until it is satisfactorily settled that I see some reason to consider at this time alternatives to our present policy of neutrality. I think that as time goes by, the prestige element for both Indonesia and the Netherlands will not necessarily decrease and in fact will continue to hinder a settlement not only of New Guinea but also of the economic issues between the two countries which are actually of greater importance to Indonesia at present. As for the Australians, the terms of the settlement might be such as to convince them that their security would not be seriously menaced by Indonesian sover-

[4]For text, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 432.

eignty over the western half of the island. I do not see how Australia can have cordial relations with Indonesia or that Australia can influence in a favorable sense developments in Indonesia (a wish expressed by Ambassador Peaslee,[5] Assistant Secretary Robertson, General Collins[6] and others at Baguio)[7] so long as their support of the Dutch position on "Irian" raises Indonesia's suspicions of Australia's intentions. This, of course, applies in even greater measure to the Dutch.

On the other hand, if the Indonesians are at some time in the future to obtain a satisfactory solution of the New Guinea problem, they will have to think in terms of satisfying Australian fears as well as making some accommodation to the Dutch. I am of the opinion that neither of these hurdles is insuperable provided a reasonably stable Indonesian Government emerges as a reflection of an increasingly more satisfactory internal economic and political situation. The Australian view, for example, would undoubtedly become much less extreme if Indonesia were to become a member of SEATO, a possibility which I am sure is remote. But Australia might be satisfied, in the proper circumstances, with something less, such as a bilateral non-aggression treaty. And it seems to me not beyond the realm of possibility that adequate guarantees from a respectable Indonesian Government regarding the Dutch minority and Dutch economic interests here might hold out some hope of bringing about a modification of Dutch views.

It seems to me that we should follow closely the evolution of Indonesian and Dutch thinking in order to identify as quickly as possible any weakening in either party's position. While I believe it unlikely the position of either party will weaken in the near future, it behooves us to reinforce such a tendency if it appeared to the best of our ability. In the much more probable event that neither side will weaken, I think we must sooner or later move toward a careful exploration of those elements on both sides which might be susceptible to a compromise solution. Such exploration would have to be done in the utmost secrecy through diplomatic channels. At a certain stage, it might even be well to consider the technique used so successfully in the Trieste negotiations[8] of conducting the exchanges in a capital not directly concerned. The Indonesian elements which might be favorable to a compromise solution might well be found among moderates should the opposition parties come to power. On the Dutch side,

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[5]Amos J. Peaslee, Ambassador to Australia.

[6]General J. Lawton Collins, Special Representative of President Eisenhower in Vietnam.

[7]At the conference of U.S. Chiefs of Mission in East Asia; see footnote 6, Document 86.

[8]For documentation, see *Foreign Relations*, 1952–1954, vol. VIII, pp. 365 ff.

there are undoubtedly elements which would favor a compromise solution if such a solution would guarantee greater stability to their investments in Indonesia and better protection of Dutch nationals in this country.

I fear that the time is past when the idea of a UN trusteeship would be acceptable to either party. Likewise, as the problem is now essentially political, efforts to solve it on a legalistic basis by reference to the Hague Court will prove barren. I am inclined, if the above conditions begin to prevail, to seek a solution in terms of a condominium to be terminated by mutual agreement and with provision for the ultimate expression of the desire of the inhabitants. The condominium plan should envisage the Indonesian right to participation in the economic development of New Guinea even though this development might have to be in the form of companies, a major portion of whose capital would be supplied from Western sources. The condominium would have to give Indonesia the right to real participation in the government although in practice I doubt that the Indonesians could find many surplus administrators to divert to New Guinea. Each member of the condominium would have a right to name administrators to serve in the area. Provision finally would have to be made for reference of disputes to an impartial agency as otherwise I fear a stalemate might develop. It might be possible to construct such an impartial agency to settle disputes between the condominium partners by inducing several nations such as India, Thailand and the Philippines, with the possible addition of the United States, to form a commission to assume this responsibility. It should be possible to devise such a mechanism within the framework of the UN. While the size of the commission is not important it should be, it seems to me, composed of at least three or four member nations as the pressures on a single country acting as the impartial tribunal might be almost unbearable.

What I have in mind essentially is the establishment of a buffer area to prevent the Indonesian demographic pressures, which I noted above, from bringing Indonesia into conflict with Australia, which in the long run would mean conflict with the United States as Australia undoubtedly will remain a bulwark of United States strength in the Pacific Ocean area.

In line with our overall policy towards the present Indonesian Government, however, I see the need for not discussing a possible change in United States policy towards West New Guinea outside American Government circles until an Indonesian Government more agreeable to us comes into power. However, it may be useful to have some plan ready before the next UN General Assembly session which we could use ourselves depending upon the outcome of the Parliamentary elections now scheduled to be held September 29. The

full election results may not be known, however, until a month or six weeks after the elections take place.

While the foregoing is couched in general terms, I believe it may be useful for you to have the full trend of our views on this problem. A continuation of this exchange should I think be helpful in fulfilling the policy laid down by the NSC paper which you mentioned.[9]

With best personal regards,

Sincerely,

Hugh

[9]Presumably NSC 5518, in preparation at the time of Young's letter.

99. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, June 10, 1955—9 a.m.

2392. For some little time I have had the uncomfortable feeling that, except for occasional tidbits of intelligence from which certain trends could be deduced, I have been out of touch with what is really going on in Indo Government circles; that my mental gears were not accurately meshing with Indo events. Until recently I ascribed this to the absorption of practically all Indo officials in preparations for and holding of Bandung Conference (except Iwa, who perhaps took this occasion to plan his subsequent move against Bambang Sugeng);[2] the aftermath of AA Conference which included plethora of state visits (Nasser,[3] Chou); the emotional letdown on part Indo Government after extraordinary efforts of preceding months trailing off into Ramadan and then Lebaran holidays, and finally Ali's trip to Peking.[4] I am somewhat comforted to find, however, that my feeling of lack of contact with governmental apparatus is shared by number of my usually well-informed colleagues. All agree with me that they had reached their common conclusions only after

[1]Source: Department of State, Central Files, 756D.00/6–1055. Secret.

[2]Major General Bambang Sugeng resigned as Chief of Staff of the Army on May 2.

[3]Lieutenant Colonel Gamal Abdul Nasser, President of Egypt, visited Djakarta following the Bandung Conference.

[4]Prime Minister Ali visited the People's Republic of China May 25–June 7.

some soul searching, during which they sought to explain away the problem by the same process I had followed.

A clue was given me this morning by Foreign Office Adviser General Abu Hanifah who, though Masjumi, maintains close personal relationships with Sukarno. Hanifah saw Sukarno privately June 6 (President's birthday). He said Sukarno behaved like "a cornered man" and asked why Hanifah and his other friends "are deserting him". Reply was that it was President who was deserting his friends and surrounding himself with other advisers. (Some time ago I reported similar observation by Pringgodigdo Embtel 1467, June 11, 1954.[5]) Hanifah remarked to me that Sukarno had reason to be distraught: family troubles, deteriorating economic and financial situation; tensions created by search for new C/S, and general political situation, and so forth. He thought Sukarno probably worried about leaving information [*Indonesia*] for his pilgrimage and state visits to Egypt,[6] and so forth, but these commitments could not now be avoided.

As I see it today, there is no denying the political fact that Indo Governmental machinery is on dead center. Even balance of forces and counterforces clearly shown by course of developments following resignation of Bambang Sugeng. Iwa's attempt to steal march on forces opposing him counterbalanced by Hatta's entrance into negotiations with result that only apparent outcome so far is inability of government make a decision, thus leaving Lubis[7] as acting C/S. Paralysis of government apparatus is also shown in continued failure, despite bold public statements, to take action against dissidents whose influence in at least south Sulawesi and Atjeh seems to be reaching new levels. Government is making only feeble efforts to cope with generally worsening economic conditions and rising prices. Instead of courageous if painful action, we see only Communications Minister Gani's Palembang speech conjuring up the scapegoat of "Dutch capitalism" to glee of Communists and their associates. The revulsion of decent and hard-thinking Indos to such a feeble attempt to explain away without action the seriousness of the economic situation has been best expressed by the usually pro-government *Merdeka* and its English-language sister, the *Observer* (Embtel 2391).[8] *Merdeka*'s editorial after chiding government officials for laziness, inefficiency and implied corruption concludes "we would like to whisper in Mr. Gani's ears that a greater source of the present chaos in our country

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[5]For text, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 427.

[6]Sukarno was scheduled to leave July 12 for a pilgrimage to Mecca and several state visits; his departure was later postponed until July 18, and the state visits, except his visit to Egypt, were cancelled.

[7]Colonel Zulkifli Lubis, Deputy Chief of Staff of the Army.

[8]Dated June 10, not printed. (Department of State, Central Files, 756D.00/6–1055)

than the Dutch capital is our own mentality and psychological make-up". Coming from a government paper whose editor is honest but not always pro-western this unusual, for an Indo, self-criticism is of importance.

I have already reported restiveness of some Right Wing PNI members and the efforts of at least certain officials to find an escape hatch in anticipation that PNI may take a whipping in the elections.

In the political arena there is a certain amount of stirring. Some government supporting parties are showing signs, such as PSI statement, of trying to avoid responsibility for present unsatisfactory state affairs, as well as some genuine concern that corrective action should be taken.

Opposition is stepping up attack on government. PSI, whose Congress is now planning party electoral campaign has had a hand, according to recent information in Halim letter[9] and supporting statement of Hazairan,[10] Soedibjo[11] and others which throw spotlight on government difficulties.[12] Masjumi continues fight in Parliament to increase strain on government by introduction land reform bill designed to make PKI squirm, continuing policy of attack which characterizes opposition's conduct in previous session. There is some evidence also of increasing Masjumi campaign at Mosque level apparently effective enough to warrant widening of government harassing policy to include religious leaders as well as Muslim political leaders.

On top these developments, are trips of government leaders almost as though they were making last junkets at expense of taxpayer whose bellies cost more to fill than previously. Examples are had of President with state visits to Egypt and Pakistan, Hatta to India;[13] and of course Ali to China, all of which are drawing unfavorable criticism from intellectuals who believe attention Indo leaders should be directed toward internal situation.

I do not believe that any final conclusions can or should be drawn from this state of affairs. But I believe it of interest to Department to know that atmosphere here now resembles in some respects, particularly in government inability to make decisions, Washington

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[9]Reference is to an open letter of May 28 to Sukarno from Abdul Halim, who had served in 1950 as Prime Minister of the Republic of Indonesia, then one of the constituent parts of the Republic of the United States of Indonesia.

[10]Former Minister of Internal Affairs in the Ali government.

[11]Former Minister of State Welfare Affairs in the Ali government.

[12]Information concerning the Halim letter and subsequent public discussion regarding it was reported in telegrams 2325 and 2375 from Djakarta, June 2 and 7. (Department of State, Central Files, 756D.00/6–255 and 756D.00/6–755)

[13]Hatta visited India in October and November 1955.

scene between election and inauguration day when there is to be a change in administration.

Cumming

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100. Memorandum of a Conversation Between Secretary of State Dulles and Foreign Minister Luns, Mark Hopkins Hotel, San Francisco, June 23, 1955[1]

SUBJECT

Imprisonment of Dutch Citizens in Indonesia

The Foreign Minister called at his own request on the Secretary in the latter's suite at the Mark Hopkins Hotel on the morning of June 23. He explained at the outset that his purpose was to impress on the Secretary the gravity with which the Dutch Government regarded the imprisonment, torture, and trial of 35 Dutch citizens in Indonesia.

According to the Foreign Minister these were Netherlands citizens resident in Indonesia, mostly businessmen and planters, who were arrested late in 1953 on charges of attempting to overthrow the Indonesian Government. They had been held incommunicado for six months. Recently they have been brought to trial under circumstances such that the lawyer defending them was forced to flee the country under threats against his life. Friendly Indonesians have told the Dutch of the false witness borne against them and the details of the torture to which they have been submitted.

The Foreign Minister said that he took this matter up personally with the Foreign Minister of Indonesia when the latter was in The Hague a year or so ago, and the Indonesian disclaimed any knowledge of the matter whatsoever. Since then the Dutch have sent the Indonesian Government countless notes to no avail. Representatives of friendly Asiatic countries at the Bandung Conference intervened in the matter with the Prime Minister of Indonesia who likewise disclaimed any knowledge of the matter.

Contrary to our expectation Mr. Luns did not raise the question of the possible employment of an American lawyer to defend the prisoners. He did indicate that after two arbitrary interruptions of the trial, he feared that there would be suddenly announced heavy sen-

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[1]Source: Department of State, Central Files, 396.1–GE/6–2355. Confidential. Drafted by Merchant. Secretary Dulles and Foreign Minister Luns were in San Francisco for the 10th anniversary celebration of the founding of the United Nations.

tences against the prisoners. He mentioned that there had been some improvement in the procedures of the court since the American [*French*] and British Ambassadors sent observers to the trial.

The Foreign Minister concluded by saying that he had already discussed this matter with Mr. Macmillan[2] and Mr. Spaak.[3] He had also considered raising it in the UN but had been advised against this course by his legal advisers.

The Secretary inquired what action on our part the Minister had in mind and volunteered that public opinion in such matters is a great force. If there was some way in which it could be brought to the attention of the UN the pressure of opinion thus generated might be helpful.

The Foreign Minister said that he hoped that the British, Belgian, and American Ambassadors in Djakarta would be instructed to protest to the Indonesian Government either by formal note or orally.

The Secretary said that he was not familiar with the background and details of this matter which appeared to be a crime against humanity. He said that he would study immediately upon his return to Washington the circumstances of the case with his advisers and whether and in what form the United States might take some action.

The Foreign Minister pressed very hard to secure assurance that we would in fact take some action. He said that Mr. Hoover and Mr. Robertson had been approached on the subject in Washington, and that he had brought over with him copies of a White Book which the Dutch Government had published on the case just a few days before he left The Hague.[4] He attempted to draw an analogy between these prisoners and our flyers in China.[5] The Secretary pointed out the distinction and noted that there are many ugly cases of forced imprisonment and torture, and that the difficulty is to establish an international basis for protest by a third government. He again promised to give the matter his personal attention upon his return to Washington. He also repeated his suggestion to Mr. Luns that the latter explore any and all possibilities whereby this matter could be brought before the General Assembly of the UN.

In leaving, Mr. Luns said that he would not emphasize to reporters the sole purpose of his call on the Secretary, and that he intended

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[2]British Foreign Minister Harold Macmillan.

[3]Belgian Foreign Minister Paul-Henri Spaak.

[4]Reference is to the Netherlands Government's White Paper, entitled "Administration of Justice in Indonesia: An Account of the Treatment of Netherlands Prisoners and Defence Counsel in Indonesia, 1953–1955," given to Hoover on June 14. (Memorandum of conversation; Department of State, Central Files, 656.56D13/6–1455)

[5]For documentation concerning efforts to obtain the release of U.S. flyers imprisoned in the People's Republic of China, see volume II.

to say that he had discussed a number of questions with the Secretary including the case of the Dutch prisoners in Indonesia.

Livingston T. Merchant[6]

[6]Printed from a copy that bears this typed signature.

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101. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, July 1, 1955.

SUBJECT

Indonesian Army Commanders' refusal to accept Cabinet appointed Chief of Staff; No-Confidence Motion against PNI–Ali Cabinet re Defense Minister Iwa

A most confused situation has developed in Indonesia since June 27 when Territorial Commanders and General Staff refused to accept the designation of Utoyo[2] (a former Territorial Commander) as Chief of Staff.

The Embassy's principal evaluation of the situation appears in tel. 2588 (attached):[3] the elements appear simpler than we might have supposed—although there is no certainty as to what is going on. The demands of the Army to remain out of politics and to improve their professional integrity were agreed to by President Sukarno and other high officials at Jogjakarta in February; the appointment of Utoyo was not in line with that agreement. The Embassy credits Lubis, the Acting Chief of Staff, who has asserted a degree of leadership for the Territorial Commanders, with making his decision in terms of the Jogja Conference. . . .

President Sukarno according to Ambassador Cumming was led to forcing the Utoyo appointment because he misjudged the strength of Army feeling and solidarity about the Jogjakarta Conference. We have no indication as to why Sukarno felt it necessary to deviate from the agreement of the Conference and can only interpolate that

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[1]Source: Department of State, Central Files, 756D.551/7–155. Secret.

[2]Major General Bambang Utojo was installed as Chief of Staff of the Army on June 27, but Acting Chief of Staff Lubis had refused to turn over the duties of the office to him.

[3]Not attached to the source text and not printed. Telegram 2588 from Djakarta, June 30, concluded that the army was the "most powerful non-Communist or anti-Communist force" in Indonesia. (Department of State, Central Files, 756D.5/6–3055)

he and Iwa intended to demonstrate strength and try to increase their civilian control over the military and possibly hoped to increase the stature of the PNI–Ali Cabinet.

A motion of no-confidence has been introduced in the Parliament and the three sponsors are individuals who voted with the Ali Government in the last no-confidence motion. Whether they will carry enough support with them (and other opposition forces remain intact) to bring down the Cabinet is problematical and we have no estimates as yet.

Public and particularly Masjumi rumblings suggest that a Presidential or caretaker Cabinet may be in the offing. This appears to be the only reasonable solution in view of the apparent intention of the Cabinet to stand with Iwa and not permit the vote to be one of censure against him alone. Sukarno may have had such notions in mind a short time ago when he publicly offered to leave the palace if the people did not want him; these tactics usually invite staunch endorsement. However, there has been no significant public reaction and not even a government press plea that he remain. As the Ambassador observes, Sukarno remains a singular figure as far as leadership is concerned and there is no evidence that he is about to leave.

Summaries suggest that the Masjumi would prefer to see a Presidential Cabinet in the interim, rather than to share responsibilities by any form of coalition which would weaken their condemnation of the handling of the government, going into elections.

PSA analyzes the possibilities as: (a) the Ali Cabinet for the sake of retaining power may agree to drop Iwa for the price of Masjumi involvement in the interim government and may find a compromise Chief of Staff placating the military while dropping both Utoyo and Lubis; or (b) dismissal of the Ali Cabinet, naming a Presidential Cabinet for the interim until the election results are known. Membership in a Presidential Cabinet would seem to require concession to the congealed opposition against leftist-influence such as Iwa's, while solution under (a) would be based on dropping Iwa. It may be overly-optimistic at this stage to expect but it seems that of the most likely developments both assure some diminution of the leftist and pro-Communist influences in the Indonesian government.

102. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, July 13, 1955—5:15 p.m.

153. Department appreciates considerations mentioned Djakarta's 2554 The Hague 52 [*62*] June 20 [*27*][2] and is hopeful Indonesia Government now well aware American Government has no intention becoming involved facets Dutch trials such as visas for lawyers where intervention our part would have no basis any tenet law of nations and would therefore leave us open charges unneutral approach problem.

On other hand, because of fundamental humanitarian issues involved we would not wish either party dispute interpret US objectivity as constituting lack of interest or concern on our part. For this reason Department continuing follow progress trials closely.

Would appreciate further efforts obtain additional information veracity Dutch allegations denial consular access Baden and 3 others as reported Hague 27 repeated Djakarta 1.[3]

Department additionally most interested reaction individual Indos approached accordance penultimate paragraph Djakarta's 36 to Department July 6 (pouched The Hague by Department)[4] and wishes telegraphic summary all interchanges to date with detailed memos conversations air pouched.[5] Please repeat copies all these The Hague, as well as all subsequent telegrams same subject urtel 36.

Dulles

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[1]Source: Department of State, Central Files, 656.56D13/7–655. Confidential. Drafted in EUR/WE and approved in FE; cleared in EUR and PSA. Repeated to The Hague.

[2]Telegram 2554 discussed whether a U.S. observer should attend the trial of Leon N. Jungschläger, one of the Dutch nationals on trial in Indonesia. Cumming reported that although sending an Embassy officer to the trial would gain nothing for the Dutch and would be regarded by the Indonesians as yielding to Dutch pressure, unless otherwise instructed he would send an officer to the trial when it resumed on July 30. (*Ibid.*, 656.56D13/6–2755)

[3]Dated July 7, not printed. (*Ibid.*, 656.56D13/7–755)

[4]Telegram 36 reads: "I continue to believe our best course, and one which may well help Dutch far more than affective approach, is to keep gently prodding individual Indos on matter in private conversations." (*Ibid.*, 656.56D13/7–655)

[5]Cumming reported in telegram 168 from Djakarta, July 18, that during his discussions with Indonesians on the trials he raised the question carefully to avoid giving the appearance of undue American interest or "interference" in the subject. Cumming concluded that "despite automatic Indonesian cries of outrage," U.S. discussions with Indonesians and the presence of an Embassy officer at the trial were "slowly exerting pressure towards achievement desired goals of just treatment and speedier trials and that many Indonesians now beginning realize quick and fair action in their own best interest." (*Ibid.*, 656.56D13/7–1855)

103. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, July 24, 1955—3 p.m.

218. Formal Cabinet announcement that it will return its mandate to Hatta[2] this evening opens the epilogue of the Ali government and is an appropriate moment for an appraisal of C/S crisis and downfall of Cabinet. The government maintains with tendentious documentation that the essential reason for its collapse is its inability to compromise further with the army's attempt to over-ride the authority of a parliamentary democracy. Many of my colleagues fully accept this plausible but to my mind incomplete and superficial argument. Some consider the Cabinet collapse as a depressing reflection on the viability of the Indonesian nation; others as debilitating blow to the development of parliamentary traditions. I do not think that the political facts fully support the government's case or warrant my colleagues' pessimism based largely on the premise that Ali Cabinet was representative of the political forces in Indonesia and that it would have been possible to counter its baneful influences and unseat it by strictly constitutional means.

There are in fact three elements in the situation:

First, the army: In 1951 professional officers displayed dissatisfaction with role assigned to army and its relationship to political direction in post-independence Indonesia. Hot-headed younger elements were joined on October 17, 1952 by some senior officers in rash attempt to force government to its terms.[3] In late 1953 the continuing dissatisfaction of army caused Sukarno to give assurance that he would respect army interests to Terrcomm, who by then had generally associated themselves in a responsible way with army grievances. Failure to settle October 17 affair by government and distrust of Minister Defense Iwa led senior army officers to take initiative at Jogja February 1955 Conference. However government was able to suppress the pressure from army by associating itself with proceedings at Jogja. But in ensuing period when attentions of country were fixed on Asian-African Conference as well as economic deterioration, Iwa attempted to engineer some further changes in command with aim of weakening professional homogeneity of army officer corps. When these intrigues received backing of Ali and Sukarno, present C/S crisis broke out. Appointment of Utoyo was regarded by army as violation of understanding reached at Jogja.

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[1]Source: Department of State, Central Files, 756D.00/7–2455. Secret.

[2]Sukarno was out of the country.

[3]Regarding the "October 17 affair", see telegram 738 from Djakarta, October 20, 1952, in *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 332.

Had army accepted orders of government, orders which we believe civil figure most respected by army, Hatta, did not approve, army solidarity would have suffered serious blow and Terrcomm probably would have looked increasingly to their own interests and in the process might have developed into war lords.

Second, Ali government: In months prior to C/S crisis government permitted itself to concentrate on foreign policy to neglect of seriously deteriorating economic situation. Prestige brought by Asian-African conference was used to stifle demands for measures to check inflation. Even segments of pro-government parties had become increasingly unhappy.

Third, drift toward Communism: There is growing dissatisfaction with imitation of Communist ideology and methods of political agitation practiced by Ali–Sukarno, as well as with cultivation of relations with Red China at a forced pace and the clumsy handling of Indonesian relations with Western countries all of which were obstructing a settlement of Indonesia's outstanding economic problems and the achievement of a stable, non-Communist political system. There has been feeling that Ali and Sukarno, like Mossadeq,[4] had fallen too far into habit of collaborating with Communists in belief felt collaboration most expeditious way to achieve sincerely held nationalist aspirations.

The C/S crisis therefore was in my opinion not only the result of long-standing, just and uncorrected grievances on the part of a powerful and responsible segment of a society's government in process of development of its own political system; it was also the catalytic agent which brought together moderate and anti-Communist forces increasingly uneasy over Ali Cabinet policies.

With regard to the future development of the Indonesian state, while army's behavior is not strictly lawful, it can be considered fair play in present Indonesian political system with its appointed Parliament, virtually self-appointed President and provisional Constitution. The army, in fact, has shown great restraint and consistency in pursuing its objectives and has refused, so far, to seize power which lies within its grasp. In a newly established country such as this, such behavior is a healthy sign.

I believe that the departure of Ali from the scene and the lessons of the C/S crisis will serve to bring Indonesia back on an even keel and make possible forward movement in contrast to the slipping and drifting of the past period.

Cumming

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[4]Mohammad Mosadeq, Prime Minister of Iran, April 1951–August 1953.

104. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, August 12, 1955—6 p.m.

222. Action Arab-Asian nations in proposing inclusion Netherlands New Guinea item on agenda 10th General Assembly[2] will necessitate early determination what position US will take in Assembly discussion matter. Last year our abstention, as Department aware, caused strong adverse reaction Netherlands Government, parliament and public. Dutch found it impossible to square our abstention, particularly after our vote for Britain on Cyprus question[3] (where two allies were involved not an ally vs a neutral), with our often expressed concept of partnership between US and allies whether great or small. It was also evident from appreciative comments of Indo officials after UN debate that Indos regarded our "neutrality" as pro-Indo neutrality helpful to them, which of course it was.

New Guinea question was thoroughly ventilated in 9th GA and it is now abundantly clear that there is no prospect foreseeable future of reconciling Indo claim to territory with Dutch determination to keep it. (See my telegram 1061 April 13, 1954.[4]) It is also clear that no amount UN debate or resolutions will change this situation and that annual consideration on matter will only exacerbate dispute without advancing solution.

In determining our position in this case this year it seems to me that we cannot ignore our obligations and responsibilities as the leader of the free world to take an unequivocal position and not hide behind a cowardly position of abstention. As the Secretary has recently pointed out the policies of Communist countries generally speaking have been based on expediency rather than upon moral principle. It seems to me this is an excellent case for testing the difference. If as I understand there is little doubt that we consider title to New Guinea morally and legally to reside in The Netherlands, if as seems clear it [is] to the advantage of the inhabitants of New Guinea to remain under Dutch administration rather than the incompetent and otherwise well-occupied hands of the new and struggling Indonesian nation, if in addition it is greatly in our strategic interest

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[1]Source: Department of State, Central Files, 320/8–1255. Secret.

[2]In a letter of August 10, the representatives of Indonesia and 14 other countries had requested inclusion on the General Assembly's agenda of an item entitled "The question of West Irian (West New Guinea)"; for text of the letter and explanatory memorandum, see U.N. doc. A/2932.

[3]For documentation on U.N. consideration of the Cyprus question in 1954, see *Foreign Relations*, 1952–1954, vol. VIII, pp. 674 ff.

[4]In telegram 1061 Matthews urged U.S. opposition to consideration of the New Guinea problem by the U.N. General Assembly. (Department of State, Central Files, 756C.00/4–1354)

that the area remain with the Dutch, I feel most strongly we should make our viewpoint clear. If as I understand we agreed . . . that New Guinea "must under no circumstances fall under Indonesian control"[5]—and it is obvious that we do—for us to abstain again in the GA would demonstrate a deplorable lack of political courage in the eyes at least of our NATO allies for which high price the dividend of passing Indo amiability seems pathetically small.

If this is true does it not follow as clear as day that we should make our opposition to any resolution on the subject in the General Assembly known forthwith. The one point on which both Cumming and I agreed last year was that discussion of the New Guinea problem in the General Assembly could only serve to increase irritation and bring about further deterioration in Indonesian-Dutch relations. The Department knows what it did to US-Dutch relations. This year the damage done to our position of leadership and prestige with the Dutch and their long memories would not soon be forgotten.

Matthews

[5]See Document 90.

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105. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 16, 1955—4 p.m.

446. My telegram 445.[2] In subsequent conversation with Salem and Anak Agung present, President Sukarno told me he had been greatly impressed with benefits received by Saudi Arabia from Aramco oil contract. He said he did not need guilders or pound sterling, but Indo needed more dollars for its development, and it was his hope that America would "produce more dollars from Indo oil". Foreign Minister observed that to do so American companies, both Caltex and Stanvac, needed increased areas for exploration and possible exploitation. I observed that both Stanvac and Caltex had already planned heavy increases in capital expenditures to take place in relatively near future but that in addition to increased exploration concessions they would also need a friendly atmosphere in Indo and

[1]Source: Department of State, Central Files, 611.56D/8–1655. Secret.

[2]Telegram 445 from Djakarta, August 16, reported that at a state banquet the previous evening, Sukarno had asked Cumming if he would arrange a visit to the Standard-Vacuum Oil Company in Palembang, Sumatra, for the visiting Egyptian Deputy Prime Minister, Gamal Salem. (*Ibid.*)

perhaps the working out of new contracts mutually advantageous to the companies and to Indo. President remarked "with a good spirit and [garbled], I see no reason why this cannot be worked out".

Foregoing is only one indication of a change which I believe is taking place in political climate as result new Cabinet's accession to power, but I think we cannot discount possibility Sukarno himself has experienced a change of heart towards foreign capital investment, especially in petroleum field, as result of his trip to Saudi Arabi and perhaps also in acceptance of the at least temporary departure from the scene of the emotional nationalism of the Ali government. (We can of course continue to see that emotional nationalism expressed on the Irian question.)

Developments, of course, will be slow but this is the first real break I have seen which might be helpful to US investment interests in this country.

I believe Under Secretary Hoover would be interested in this and preceding telegrams [*telegram?*].[3]

Cumming

[3]Neither the source text nor the file copy of the preceding telegram bears any indication that either was sent to Hoover.

106. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 16, 1955—4 p.m.

447. Ambassador Matthews and I are faced with same problem: Both Dutch and Indo are adamant on settlement of New Guinea satisfactory to their aims which at present are incompatible. There seems to be in both countries, however, moderate elements, which I assume we are encouraging, whose aim is not to freeze irrevocably present position of their respective countries. Indonesian position in past has been complicated by Sukarno's successful efforts to turn deep-seated Indo desire to obtain New Guinea into emotional irredentism in which he has been aided and abetted particularly by PKI and extremist elements PNI who remain in control party. But desire for return New Guinea shared by all parties with moderates and responsible elements, however, calling for negotiation rather than

[1]Source: Department of State, Central Files, 656.56D13/8–1655. Secret. Repeated to The Hague and Canberra.

direct action. Abu Hanifah, for example, made particular effort point out to us his remarks (Embtel 393[2]) designed head off press outcry which might have forced incoming government make strong statement. These latter parties now in control of new government which is oriented much more than outgoing government toward advancement US interests. But even this Cabinet has plank in program calling for "return West Irian to Republic of Indonesia". Our efforts last year to induce Indonesia not to take Irian question to UN failed and this year it already clear subject will at least be put on provisional agenda. With chance to encourage moderate elements now in government and in respect of US relations with Asia and our Asian allies as well as our Dutch and Australian allies it seems to me only thing we can do is continue policy of neutrality which we followed previously. I, personally, at this distance from center, do not believe it would be departure from neutrality if when asked by individual nations we state that American abstention does not imply we believe others should pursue same policy. (The Hague's 175 to Department.[3]) I do not believe however, that any effort should be made by us to change views of Turkey or any other country which signed AA resolution which urged Netherlands "to reopen negotiations as soon as possible to implement their obligations under (Dutch-Indo) agreements and expressed earnest hope that UN would assist parties concerned in finding peaceful solution to dispute". Effort to effect change in position AA conference country would, in my view, be departure from neutrality and would be viewed with misgivings by opinion in all AA countries.

As seen from here, if we accord to new, much more satisfactory Indo Government less neutral treatment than given Ali Cabinet on New Guinea issue our Asian and Indo friends would question our motives. This would reflect on our general policy toward Indo and discourage favorable orientation new government. In coming year, Indonesia will make decisions which may affect its political orientation for generation to come. Any departure from neutral position on New Guinea will weaken our effectiveness in influencing general Indo policy this particular period, a fact which I believe should be

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[2]Telegram 393 from Djakarta, August 11, reported that, during a press interview, Abu Hanifah took exception to a statement in the Indonesian press attributed to Robertson that implied that Indonesia wanted to colonize West New Guinea. (*Ibid.*, 656.56D13/8–1155) Telegram 253 to Djakarta, August 13, replied that Robertson's remarks were evidently misquoted. (*Ibid.*)

[3]Telegram 175 from The Hague, August 5, reported that the Secretary General of the Netherlands Foreign Office had urged that the United States should so inform the Latin American countries and Turkey. (*Ibid.*, 756.00/8–555)

carefully weighed in any consideration of a change in our neutral position.

Cumming

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107. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 16, 1955—6 p.m.

450. My telegram 430.[2] To any American who has lived through the two years of the Ali government with its usually correct but always cool attitude towards United States and US policy, its catering to Indonesian left wing elements and especially in past few months to Communist China, and its subservience to the demands of a highly emotional nationalism, the alterations of last forty-eight hours in the political climate are little short of breathtaking. A few illustrations are:

1. At first Cabinet meeting adoption definite attitude towards solution October 17 affair and acceptance resignation Bambang Utoyo will not only gain positive support of army but will impress country with Cabinet's vigor.

2. Promises of economy and efficiency in government administration are already beginning be fulfilled; Sumitro tells me he has already blocked expenditures by four unnamed ministries pending thorough audit their apparently non-existent accounts, number of ministries including Finance have issued stringent orders observance official working hours (previously a joke) with penalty dismissal high officials, all large Cabinet official cars to be returned to government pool for re-sale immediately after Independence Day celebrations and to be replaced by small, second hand cars to extent available. Sumitro also tells me it is his firm policy, backed by Prime Minister, to restore full authority of Auditor General, corresponding in powers and duties to US Comptroller General, who under Ali government because [*became*?] political creature rather than responsible autonomous official reporting only to Parliament.

3. Anak Agung confirmed to me "as For Minister" what he told me "as director United States Division Foreign Office" his policy and that of Prime Minister to build warm relations with US without departing from independence foreign policy.

4. Anak Agung also told me he would personally handle all American matters and asked "unofficially" whether in next few

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[1]Source: Department of State, Central Files, 756D.13/8–1655. Secret.

[2]Telegram 430 from Djakarta, August 15, contained Cumming's preliminary comments on the new cabinet, which he considered "far more conservative and responsible" than its predecessor. (*Ibid.*, 756D.13/8–1555)

weeks I would be prepared resume discussions of a "treaty of friendship, commerce and navigation".[3] He smilingly repeated word "friendship".

5. At airport reception yesterday for Egyptian Vice Prime Minister, Prime Minister insisted my joining and remaining with group consisting of himself, Foreign Minister and Acting C/S Lubis.

6. At state banquet last night, contrary my past experiences, entire Cabinet made a point of singling me out for warm and friendly attentions, leaving Red Chinese Ambassador noticeably outside circle. At Foreign Office reception this morning, Labor Minister remarked "under Ali Government Indo China [*Indonesia*] was for sale; now China will have to pay a high price for every concession".

7. I was only Chief of Mission called out by President for private conversation which lasted several minutes.

While foregoing incidents, great and small, are, I believe, an indication of new Cabinet's general attitude, we must, of course, also bear in mind that implementation of independent foreign policy slanted towards the West will be extremely difficult and perhaps slow, and will require very delicate handling by US. I also am quite aware that we are seeing the first burst of exuberance of a new government determined as far as possible to break with policies of its predecessor.

Cumming

[3]The United States proposed such a treaty in March 1954, but the Ali government had expressed a preference for a treaty that omitted the word "friendship" from the title and preamble. Telegram 1169 from Djakarta, April 10, 1954, reported that Abu Hanifah told Cumming that the omission was intended "to anticipate objections from anti-American groups in Parliament". (*Ibid.*, 611.56D4/4–1054; also telegrams 1073 and 1157 from Djakarta, March 24 and April 9, 1954; *ibid.*, 800.05156D/3–2454 and 611.56D4/4–954, respectively) A U.S. draft treaty, which substituted the word "amity" for "friendship", was given to the Indonesian Foreign Ministry on September 8, 1954. (Despatch 125, September 10, 1954; *ibid.*, 611.56D4/9–1054)

108. Memorandum of a Conversation, Department of State, Washington, August 24, 1955[1]

SUBJECT

Meeting with the Secretary on Wednesday Afternoon, August 24 on Tenth General Assembly Problems

PRESENT

The Secretary

[1]Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Betty Gough of UNP on August 29.

Mr. McCardle[2] (for part of the meeting)
Mr. Wainhouse[3]
Mr. Bond[4]
Miss Gough

[Here follow sections 1–8.]

9. New Guinea

The Secretary said he very strongly opposed Indonesia's getting control of New Guinea. This might not always be the case if a strong and stable government should emerge in Indonesia, but under present conditions for the territory to come under the control of Indonesia was neither in our interests nor in the interests of the inhabitants of New Guinea. He recognized, on the other hand, that an important political factor was the emergence of a slightly better government in Indonesia which he would not want to rebuff. The Secretary said that if a resolution failed of adoption in the Assembly, without our being tagged with its defeat, he would not mind at all. No decision was taken on the position paper[5] pending, inter alia, Sir Percy Spender's conversation with the Secretary on this subject.[6]

[Here follows the remainder of the memorandum.]

[2]Assistant Secretary of State for Public Affairs Carl W. McCardle.

[3]Deputy Assistant Secretary of State for International Organization Affairs David W. Wainhouse.

[4]Niles Bond, Director of the Office of United Nations Political and Security Affairs.

[5]Reference is presumably to a position paper prepared for the Tenth Session of the General Assembly entitled "Western New Guinea (West Irian)", August 24, which called for continued U.S. neutrality. (SD/A/C.1/August 24; Department of State, Central Files, 320/8–2355) A memorandum of August 24 from Bell to Sebald stated that the position paper, drafted in IO, had been cleared by FE but not by EUR, which wished to postpone a decision until after the Netherlands and Australian Ambassadors had called on the Secretary. (*Ibid.*, 656.56D13/8–2455)

[6]A second and presumably final position paper, entitled "Western New Guinea", recommended, as did the August 24 paper, that the U.S. Delegation should abstain in the voting on any resolution relating to New Guinea and refrain from involvement in behind-the-scenes negotiations; and, if asked, state that U.S. neutrality did not imply that other delegations should follow the same policy. (SD/A/C.1/September 17; *ibid.*, 320/9–1755)

109. Memorandum of a Conversation, Department of State, Washington, August 29, 1955 [1]

SUBJECT

Netherlands New Guinea

PARTICIPANTS

Baron van Voorst, Chargé d'Affaires, a.i., Netherlands Embassy
The Secretary
EUR—Mr. Elbrick
WE—Mr. Dunham

Baron van Voorst called under instructions from his Government to present the Dutch views regarding UN consideration of the question of Netherlands New Guinea at the forthcoming General Assembly.

For the following reasons, Baron van Voorst said, the Dutch Government will oppose inscription of this item and its consideration at the General Assembly.

1. The question was thoroughly considered last year and the Assembly did not agree to take action. No new facts have been brought forward and further debate would only be repetitive and unproductive.

2. The Dutch Government is anxious to develop improved relations with Indonesia and sees this opportunity now with the new and more moderate government in Djakarta. However, they fear that their efforts would be thwarted and that public opinion in the two countries would be poisoned, if there were to be further consideration of New Guinea at the forthcoming UNGA.

3. The Dutch feel the time of the UN could be more profitably used otherwise, as they see no prospect of a solution in further UN consideration of the New Guinea problem. Further negotiations at this time, they believe, would be fruitless. They have undertaken negotiations in the past, but they have been in vain since the Indonesians have insisted that they must begin on the basis of a transfer of sovereignty which is, of course, unacceptable to the Dutch.

4. Dutch control in New Guinea has been described as a last vestige of colonialism. However, colonialism would not be destroyed simply by turning Dutch sovereignty in New Guinea over to the Indonesians. Furthermore, the Dutch have responsibilities to the UN for the administration of this area including the right of the people to self determination, a situation which would not obtain if the area were in Indonesian hands.

The Dutch Government strongly hopes that the U.S. will be able this year to give up its past policy of neutrality, which caused great disappointment in the Netherlands, and to support the Dutch posi-

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[1]Source: Department of State, Central Files, 756C.022/8–2955. Confidential. Drafted by Dunham, Officer in Charge of Swiss-Benelux Affairs.

tion. If this should not be possible, however, they hope that the U.S. will at least be able to advise other delegations, particularly the Latin Americans, that U.S. neutrality does not imply that the U.S. feels other delegations should follow the same course.

The Secretary thanked Baron van Voorst for his presentation and said that we are now studying this problem anew. From our point of view, it is necessary to consider this question in a fairly broad prospective [*perspective*]. We would like to see Indonesia move toward as close and friendly relations with the West as possible. There has been some progress in this direction and the Secretary thought that our policy may have helped to some extent. The Secretary indicated that he was not in a position to say definitely what our decision would be on the New Guinea item, since we had not yet completed our study. However, while he realized the Dutch were disappointed at our position last year, he hoped that the Dutch would appreciate that, whatever our decision might be, it was motivated by this broader desire to bring about a situation in Indonesia which he felt sure the Dutch Government is also seeking.

The Secretary remarked that, in discussing this subject with the Australian Ambassador,[2] he had noted that although Australia's position would be affected by a change in New Guinea's status, it would be even more seriously affected if Indonesia should fall under communist control. While the Dutch, understandably and quite properly, because they are differently situated, are considering the question of New Guinea from their standpoint, we are thinking of it necessarily in these broader terms, taking into account also the views of our allies, among whom are The Netherlands, as well as Australia, New Zealand, the Philippines, the Chinese Nationalists and others. In conclusion, the Secretary told Baron van Voorst that he could assure his Government that the matter is receiving our earnest attention and we hope that, whatever our final decision, they will understand the considerations which lie behind it.

Baron van Voorst thanked the Secretary and, after leaving his office, presented the attached brief summary of the Dutch views.[3]

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[2]Secretary Dulles had discussed the subject with Ambassador Spender at a private dinner in New York on August 25; Dulles' memorandum of the conversation, dated August 30, reads in part:

"I said we would probably follow a policy of 'neutrality' as we had in the past; that the present developments in Indonesia were to the good and we did not want to make things more difficult for the new government. I indicated this did not involve any departure from the prior position we had taken of not wanting the somewhat unstable rule of the Indonesians to be further extended in vital areas."

"Sir Percy expressed the hope that we would help get sufficient votes to defeat the Arab-Asian resolution in the event that it came up. I said we had no objection to the resolution being defeated but I did not know if we could be active in this respect." (*Ibid.*, 656.56D13/8–3055)

[3]Not printed.

110. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, September 2, 1955—8 p.m.

575. Before departing for New York to attend UNGA Hanifah called in Embassy officer during my absence on short trip to Sumatra to discuss government's new approach toward Dutch. (Embassy telegram 511.[2]) Stated Indonesian Government changing its policy toward Dutch and "extending to Dutch its hand" hoping Dutch will also take measure which will tend lessen tension between two countries. Stated that on instructions from Prime Minister and Foreign Minister he had held conversations with Dutch HICOM and informed him that Indonesian Government will attempt before elections to conclude trials of Dutch Nationals, settle problem of Ambonese in Netherlands, and begin negotiations on financial and economic clauses in round table agreement. On trials he referred to shortage of judges but hoped they would be concluded soon suggesting that if defendants found guilty they might be deported. Also stated he has informed Dutch High Commissioner that government is prepared to consider issuance of visa to Dutch Attorney and that High Commissioner's office should present official request for such. Since present law, ironically of Dutch origin, prevents issuance of visa to Dutch lawyer government in this case considering promulgation of emergency law as solution.

As to West Irian Hanifah confirmed that [*what*] Natsir had previously told me that present government is in dilemma and embarrassed by actions taken by Ali Cabinet (Embassy telegram 524[3]). Since Irian included in UNGA agenda by A–A countries Indonesia not in position to withdraw item, Indonesian Government wishes to find formula whereby both governments can "save face". Government suggesting therefore to Dutch that both governments agree that no matter what decision UNGA there will be no hard feelings as result. Indonesian Government however would like to see some friendly gesture from Dutch Government on this matter. Even if it is mere "negotiations on how to negotiate" for solution of problem.

Hanifah scheduled stop Istanbul presumably to acquaint Turks with new approach of Indonesian Government and then proceed Amsterdam. Foreign Minister Luns has asked that he call on him in

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[1]Source: Department of State, Central Files, 756D.00/9–255. Secret. Repeated to The Hague.

[2]Telegram 511 from Djakarta, August 25, reported indications that the new Indonesian Government was adopting a more moderate approach toward the Netherlands. (*Ibid.*, 756D.02/8–2555)

[3]Telegram 524 from Djakarta, August 27, reported a conversation with Natsir. (*Ibid.*, 756D.00/8–2755)

Hague while in the Netherlands on September 7. In approaching us as well as the representatives here of several other Western countries including Sweden, Norway and Australia, Indonesian Government wishes we approach Dutch and suggest they not ignore Indonesian effort to improve relations between two countries. Hanifah states that government taking new look at foreign policy and that reaction Western powers especially Dutch in this case will have serious bearing not only on policy present government but also on that which will be formed after elections in which Masjumi will also play leading role. Embassy officer made no comments but promised to report Hanifah's approach Washington.

Cumming

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111. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, September 13, 1955—10 a.m.

631. Called on ForMin yesterday afternoon his request. He said Indo wished retain Irian question on General Assembly agenda but had proposed to Dutch that between now and end of November, when item might be expected come up for discussion, two countries initiate negotiations on outstanding issues. Contemplated such negotiations would include means of lessening tensions over Irian, financial and economic provisions RTC agreements, union question, etc. Proposed formula wording "means of lessening tensions" deliberately chosen so as to preserve Irian positions both countries. Anak Agung thinks that if Dutch will agree to such formula discussion need not necessarily touch directly upon question of sovereignty over Irian but that when General Assembly agenda item is reached, both Dutch and Indos could request deferment question on grounds that all questions between the two countries were under discussion. This would prevent provocative speeches in General Assembly.

ForMin said he understood our impartial attitude but asked me transmit his earnest hope that U.S. without impairing its position could suggest to both parties its hope that they would enter into negotiations on all matters outstanding between them. He thinks a word from U.S. would encourage Dutch take advantage of the conciliatory attitude of present moderate Indo Govt, which so far seems

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[1]Source: Department of State, Central Files, 656.56D/9–1355. Secret. Repeated to The Hague.

be reciprocated in Netherlands. I hope Department will agree with this moderate request of Anak Agung, which does not seem to me to compromise our impartial attitude on Irian but might assist progress towards attainment our stated hope that two parties could find amicable solution in interests of relaxation tensions this entire area. This telegram should be read in conjunction my telegram 620.[2]

Cumming

[2]Telegram 620 from Djakarta, September 10, reported that Zairin Zain, the Indonesian Minister to the United Kingdom, who was in Djakarta for consultation, had told Cumming that the Indonesian Government was trying to develop a temporary formula on the West Irian issue that would make possible improved relations between Indonesia and the Netherlands. (*Ibid.*, 756D.00/9–1055)

112. Memorandum of a Conversation Between the Netherlands Chargé (Van Voorst) and the Assistant Secretary of State for European Affairs (Merchant), Department of State, Washington, September 13, 1955[1]

SUBJECT

Western New Guinea

During a conversation with Baron van Voorst, Mr. Merchant mentioned that we had heard from the Indonesians that they are anxious to improve their relations with the Dutch and had expressed the hope that it might be possible for the two governments to "negotiate on how to negotiate" regarding New Guinea. It appeared that this might possibly offer an opportunity to avoid consideration of this question at the UNGA this year.

Baron van Voorst said that they had heard directly from the Indonsians of their desire to bring about an improvement in relations with the Netherlands. He said that this word had come to them from the Prime Minister, the Foreign Minister and from other officials in the Indonesian Foreign Office. He understood that the Indonesians had also mentioned the subject to the British and perhaps others. He went on to say that, as he had previously indicated to the Secretary, his government is also anxious to bring about an improvement in Dutch-Indonesian relations and that the Dutch Foreign Ministry had just recently put out a statement indicating that they are prepared to

[1]Source: Department of State, Central Files, 756C.022/9–1355. Confidential. Drafted by Dunham.

discuss all outstanding problems with the Indonesian Government.[2] This would include New Guinea, provided Dutch sovereignty over the area is not brought into question as the previous Indonesian Government had always insisted. Similarly, the Dutch Government could not accept the item on Western New Guinea which the Afro-Asian powers have proposed for the UNGA Agenda. Baron van Voorst said his Government recognizes that, especially at this time, it is impossible for the new Indonesian Government to withdraw this item, but, as he had explained to the Secretary, his Government will be obliged to oppose its inscription and the passage of a resolution.

Baron van Voorst concluded by saying that they are much encouraged by the attitude of the new Indonesian Government and are of course most hopeful that it will be possible to bring about an improvement in Dutch-Indonesian relations.

[2]A copy of the statement, made by a spokesman of the Netherlands Foreign Ministry on September 8, was attached to the source text.

113. Memorandum of a Conversation, Department of State, Washington, September 14, 1955[1]

SUBJECT

Western New Guinea

PARTICIPANTS

Mr. Richard G. Casey, Australian Minister for External Affairs
Sir Percy Spender, Australian Ambassador
Mr. John Quinn, Department for External Affairs
Mr. F.J. Blakeney, Counselor of Australian Embassy
Mr. Hoover, Acting Secretary
Mr. Murphy, Deputy Under Secretary
Mr. Robertson, Assistant Secretary
Mr. Horsey, Director, BNA

Mr. Casey opened the discussion by reference to the great political and public importance which his Government attached to Dutch retention of sovereignty over Western New Guinea. Any government which acquiesced in a change would probably fall. This might seem illogical but it was so. The Australians think that they themselves have done a good job in the eastern part of the island and that the Dutch have done good development work in their territory. They

[1]Source: Department of State, Central Files, 756C.022/9–1455. Secret. Drafted by Outerbridge Horsey. Initialed by Hoover and Robertson, indicating their approval.

treat it as if it were under UN trusteeship, so far as reporting to the TC is concerned. Mr. Casey referred to recent Dutch and Indonesian indications of a more reasonable view on both sides and wondered if they could come to anything, particularly if the issue could be withdrawn from the General Assembly. Otherwise, if not, the Australian position would be the same as last year and they are hopeful that a resolution can be defeated. In any case, they hoped that discussion could be delayed until after the elections when the Indonesians might be more ready to withdraw the issue, or at least it could be put far down on the agenda so that it could not be adequately discussed. Mr. Casey said he knew what our position had been but would appreciate any help we can give if the issue gets on to the agenda.

Mr. Murphy said that we are fully conscious of the importance which the Australians and Dutch attach to this question. He referred to the Secretary's conversation with Sir Percy Spender on September 1[2] and said that there had been no change in our position. We continued to hope that as a result of the developing situation in Indonesia something better might develop so that, even if it were inscribed on the agenda, it might not come to a vote.

Mr. Robertson said that all of us who were interested in the problem should exercise our influence to the utmost to bring about bilateral discussions to avoid Assembly consideration or discussion. He referred to the Indonesian Ambassador's call when he had said that they did not expect us to take a position on the substance of the issue in the Assembly debate but wanted our approval of their proposed procedure of seeking GA approval for peaceful negotiations.[3] Mr. Robertson replied that this would not be in keeping with our position of neutrality because whatever positive action we took would be felt by the other side to be unneutral. He emphasized to the Australians that we feel very strongly that we could not do less for the present Indonesian Government which appears to be oriented toward the West than we had done for the Ali Government in maintaining a position of neutrality.

Sir Percy Spender said that an agreement to discuss the issue was exactly what the Indonesians were trying to get the Dutch into for a long time and that it would be equivalent to the Dutch agreeing to discuss with the Indonesians the question of sovereignty. He felt that the idea of bilateral talks played into the hands of the Indonesians. Mr. Murphy and Mr. Robertson made clear that this was not our understanding of the proposed outside discussions and that we

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[2]A memorandum of this conversation is *ibid.*, 756C.011/9–155.

[3]Reference is to a conversation on September 8 between Moekarto and Robertson. (Memorandum of conversation; *ibid.*, 756C.022/9–855)

understood that it was proposed that there be bilateral discussions of a general character which might include the New Guinea question.

Mr. Casey said that, if the talks failed could we help by letting other delegations know that our view was "this and that" and by this he said he meant he hoped "this and that" would be support for the Australian position.

Mr. Murphy said that what the Secretary had said to Ambassador Spender on September 1 was that if the Australians should run into trouble they should feel free to come to us and that if it were then a question of one or two votes, we would consider whether we could talk privately with a few delegations without compromising our position with Indonesia.

Sir Percy said that the Secretary's commitment had been much firmer than that. He said that the Secretary had said that it was our common purpose that no resolution come out of the General Assembly supporting Indonesian sovereignty over Western New Guinea. He had expressed concern for Communist infiltration. He said that we could give no blanket agreement but if it was a question of one or two votes, we would do what we could.

Mr. Casey said that it was known *now* that the vote would be close and he saw no reason, therefore, why we should not proceed at once.

Mr. Robertson said he did not feel the Secretary had made a commitment of this kind and Mr. Murphy read the precise text of the last paragraph of the September 1 memorandum of conversation.

Sir Percy argued that since the Secretary had started his commitment with the statement that he could give no blanket agreement, his following comments, by implication, constituted a limited agreement. Mr. Casey said that that was certainly the way Mr. Spender had reported it in his telegrams.

Mr. Casey again asked that we support the Australian position as far as we could without compromising our international position. He hoped that the conversation between the Secretary and Mr. Spender could be implemented by us at a very early time.

Mr. Hoover referred to the improving trend in Indonesia and said that it was very important not to disturb it and Mr. Murphy again repeated our great sympathy for Australia and the Dutch position. Mr. Hoover mentioned that we would go ahead with plans to offer economic aid to Indonesia in order to encourage this trend. Mr. Casey asked if we had indications that the Indonesians would accept aid and Mr. Hoover said that we did.

During a brief discussion of the importance of avoiding Communist control of Indonesia, as to the danger of which Mr. Casey said that we had been a little more than concerned in the past than the Australians, he said that if they got control over Indonesia they

would, of course, get control over Western New Guinea. If this happened, Australian forces in time of war might have to be sent there. They might thus be tied down to an area which we might regard as relatively unimportant. This would prevent them from committing their forces to joint efforts in other areas.

In conjunction with the discussion of whether or not negotiations would provide a solution to the problem, Sir Percy argued strongly that from a legal viewpoint there was no obligation on the part of the Dutch to undertake negotiations. He said the important word in Article II[4] was "determined". He said that since the political status of New Guinea had not been determined through negotiations within the year the matter was a closed issue. Mr. Murphy read Article II and the supplementary exchange of notes between the Dutch and the Indonesians concerning the "status quo" of New Guinea[5] and the phrase in Article II that the question of the political status of New Guinea was to be determined through negotiations between Indonesia and the Netherlands.

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[4]Article II of the Charter of Transfer of Sovereignty; see footnote 6, Document 92.

[5]The letters under reference, dated November 2, 1949, stated that the clause in Article II reading "the status quo of the residency of New Guinea shall be maintained" meant "through continuing under the Government of the Netherlands"; they are printed as a part of the Round Table Conference Agreement, 69 UNTS 3.

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114. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, September 17, 1955.

SUBJECT

West New Guinea and the General Assembly

Discussion

You will undoubtedly be subjected to great pressure in New York from the Australians and the Dutch to lend them a covert hand in winning votes to their side in the General Assembly. I urge a strict adherence to our established policy of neutrality as we strongly feel that any deviation would impair new opportunities opening up for us politically in Indonesia.

At a meeting of the Assistant Secretaries with Mr. Murphy on September 9, Mr. Wainhouse noted that (1) the vote in the UN

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[1]Source: Department of State, Central Files, 320.56C/9–1755. Secret.

would probably be close, (2) the Australians would try to get us to act on their behalf, and (3) IO had learned that the Dutch and the Australians last year had used the Israelis (who are piqued at the Indonesians for their close cooperation with the Arabs) as intermediaries to influence some Latin American countries to shift their votes against Indonesia. All participants in this meeting agreed that we could not hope to be of influence in a "private manner" on behalf of Australia or the Netherlands without having our position become a public one detrimental to our interests in Indonesia. It was also agreed that, in view of the moderate approach of the present Indonesian Government, we should tell the Dutch they might find some formula upon which to negotiate with the Indonesians. Mr. Merchant met with the Dutch Chargé on September 13.

We have consistently refrained from taking a position on the substantive arguments presented by both the Netherlands and Indonesia. However, we can always point to the fact that these Governments did agree on December 27, 1949, as part of the Round Table Conference Agreement, in Article 2 of the Charter of the Transfer of Sovereignty "that the political status of New Guinea (shall) be determined by negotiations between the Netherlands and Indonesia." Therefore, we also agreed in the meeting with Mr. Murphy that we should not get in the middle of the dispute or extend good offices, that we should remain completely neutral on the substance of the issue, but that we should do what was in our power without compromising our position to encourage bilateral negotiations.

During the past week, the Indonesian Foreign Minister has told us that they have asked the Dutch to negotiate on "outstanding issues". He asked that we tell both parties, without impairing our position, that it is our hope that they would enter into negotiations on all matters outstanding between them. He said he contemplates the formula of "means of lessening tensions over Irian" to cover that part of the negotiations and that thereunder, "both parties could preserve their Irian positions". The Foreign Minister will be in New York for the General Assembly, and wants to see you.[2]

The Australians may press you even harder than the Dutch to have the United States use its influence with some delegations to vote for the Dutch position. Casey and Spender will insist on this if the voting is to be closely contested.

If we should be any less neutral toward the present moderate and friendly Indonesian Government than we were toward the Ali Cabinet, we could be sure of alienating it at a time when all our re-

[2]Secretary Dulles was in New York September 19–23 for the opening of the U.N. General Assembly session; no record of a conversation between him and Anak Agung in New York has been found in Department of State files.

ports indicate an unprecedented warmth and desire to improve relations with us and other countries of the Free World, including the Netherlands and Australia[3] in particular. Any move by us to influence even one or two delegations would be known by the Indonesians immediately. With the new Cabinet becoming more and more close to us, and with elections scheduled in Java and Sumatra for September 29 and other places during October and November, our change in tactics could cause serious misunderstanding in Indonesia and impair the favorable turn of events. It is to the advantage of the U.S., the Netherlands, and Australia now to capitalize on the changing attitudes in Djakarta.

Recommendation:

Therefore, I strongly urge that we do not become involved in the voting maneuvers, even if the margin of votes is slim.

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[3]Cumming had reported in telegram 664 from Djakarta, September 15, that Anak Agung told him that the Indonesian Government was interested in negotiating a treaty of friendship with Australia and had asked if the United States would broach the subject with the Australian Government. (Department of State, Central Files, 756D.00/9–1555) Robertson mentioned Indonesia's desire to improve relations with Australia at an ANZUS Council meeting on September 24.

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115. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover)[1]

Washington, September 20, 1955.

SUBJECT

OCB Meeting to Consider Outline Plan of Operations for Indonesia[2] under NSC 5518[3]

Summary of Outline Plan

The fall of the Ali Government and the coming to power of a more conservative, pro-Western and anti-Communist coalition dominated by the moderate Muslim and Socialist parties have created a substantially more favorable frame of reference for U.S. operations

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[1]Source: Department of State, OCB Files: Lot 62 D 430, Indonesia. Top Secret.

[2]Under reference is a September 9 draft of a paper entitled "Outline Plan of Operations With Respect to Indonesia", dated September 21, which was approved with revisions by the OCB that day. (*Ibid.*)

[3]Document 95.

than the one existing when NSC 5518 was drafted. However, with elections beginning on September 29, the new Government is essentially interim and caretaker in character. Our first and basic objective, therefore, is that the elements presently in control of the Government consolidate their position by a clear-cut victory at the polls. Once this has been achieved, a revision of NSC 5518 and the Outline Plan of Operations will probably be necessary.

For the present, the plan provides for:

a) Continuation of our existing technical assistance, USIA, policy training, and exchange of persons programs.

b) Continued negotiations on a PL 480 program[4] and a Treaty of Friendship, Commerce and Navigation, begun under the Ali Government and therefore politically non-controversial.

c) "Being prepared in response to Indonesian requests and when we determine conditions to be more favorable", to provide economic and other assistance; detailed programs are outlined in OCB paragraphs 30–45, 47, 49, and 50.

d) To sympathetically respond to Indonesian overtures for closer and more friendly relations with the United States and to encourage such relations with other Free World Countries.

Recommendation

That you endorse the Outline Plan of Operations for OCB approval.

[4]In a note of July 12, the Indonesian Government notified the U.S. Government that it was interested in purchasing surplus agricultural commodities under P.L. 480. (Despatch 32 from Djakarta, July 13; Department of State, Central Files, 411.56D41/7–1355)

116. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, September 23, 1955—6:15 p.m.

511. Joint State/ICA message. Your 623.[2]

1. You authorized reply Indonesian Government that U.S. willing sympathetically explore on informal basis Indonesia's require-

[1]Source: Department of State, Central Files, 756D.5–MSP/9–1355. Secret. Drafted in PSA and ICA; approved in FE; cleared with E, ITR, L, PSA, ICA, and the Department of Agriculture.

[2]Telegram 633 from Djakarta (received through an error in transmission as telegram 623), September 13, reported that Anak Agung had told Cumming that Indonesia was prepared in principle to request U.S. economic assistance. (*Ibid.*)

ments for economic needs. Agree no formal notes desirable at this time. Exploratory talks should examine interests and objectives mutually held by U.S. and Indonesia to which any U.S. assistance would be related.[3]

2. Foregoing based on assumption general order magnitude Indonesian needs approximately that set forth your 512[4] and that total requirements U.S. aid for remainder this fiscal year will not exceed $30 million of which greater part could be provided through negotiation of surplus agricultural commodity agreements as recommended your 512. As stated Department's 456,[5] U.S. prepared open negotiation shortly with Indonesia on PL 480 agreement. We assume this would meet great part immediate Indonesian needs. FYI we also prepared consider PL 480 program of greater magnitude than outlined Indonesian note July 12[6] if larger program can be worked out satisfactorily.

FYI some modest amount of appropriated funds might also be found to be available as a supplement to round out this fiscal year program. In view of general fund shortages however it would be essential that this amount be kept to an absolute minimum consistent with our objectives Indonesia. Any large scale program involving as much as $50 to $60 million within a single fiscal year would have to await submission to and approval by Congress. Accordingly, U.S. consideration provide supplemental assistance to Indonesia this fiscal year would necessarily have to be without commitment regarding magnitude of aid in future years.

3. View above Indonesia should understand that although U.S. is willing enter discussions with serious interest Indonesia's needs, sympathetic review situation by U.S. cannot imply commitment particularly re congressional authorization. First step would be determine reasons and need for any aid request, fundamental problems toward which proposed aid would be directed, related Indonesian measures to assure effectiveness U.S. assistance and estimated magnitude and types projects involved.

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[3]Telegram 787 to Djakarta, September 30, reported that Cumming had conveyed the contents of paragraphs 1 and 3 of this telegram to Utoyo Ramelan, Chief of the Economic Division of the Indonesian Foreign Office. (*Ibid.*, 756D.5–MSP/9–3055)

[4]Telegram 512 from Djakarta, August 26, recommended the initiation of a program of economic assistance to Indonesia, with an estimated annual cost of $60 million. (*Ibid.*, 756D.5–MSP/8–2655)

[5]Dated September 16, not printed. (*Ibid.*, 411.56D41/9–1655)

[6]See footnote 4, *supra*. The note stated that the Indonesian Government envisioned purchasing commodities up to a value of $48 million over a 2-year period. Telegram 561 from Djakarta, September 2, reported that the Indonesian Government was considering increasing its request to as much as $200 million. (Department of State, Central Files, 856D.2317/9–255)

4. You may commence such informal discussions with Foreign Ministry at your discretion.

5. FYI PL 480 assistance would not involve renewed signing assurances of type required January 1952.[7] Neither would such assurances be required for assistance given under MSP authority other than Title I Mutual Security Act, e.g. Title II.[8] However if Title I assistance contemplated in future, assurances would be required unless waived by President. Assume Embassy continuing review outlook Indonesian Red China trade and evaluating prospects any future Battle Act[9] complications.

Dulles

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[7]Reference is to an agreement effected by an exchange of notes signed at Djakarta, January 4 and 5, 1952, in which the Indonesian Government gave certain assurances required under the Mutual Security Act of 1951 of countries receiving U.S. military assistance. It was terminated by an exchange of notes signed at Washington and Djakarta on January 5 and 12, 1953. For texts of both agreements, see 4 UST 18.

[8]Title I, "Military Assistance," and Title II, "Development Assistance," of the Mutual Security Act of 1954, as amended.

[9]The Battle Act, or the Mutual Defense Assistance Control Act of 1951, approved October 26, 1951, forbade U.S. assistance to countries shipping strategic goods to Soviet-dominated areas; 65 Stat. 644.

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117. Memorandum of a Conversation, Department of State, Washington, October 3, 1955[1]

SUBJECT

Call by the Indonesian Foreign Minister

PARTICIPANTS

Indonesian Foreign Minister—Anak Agung Gde Agung
Indonesian Chargé d'Affaires—S. Surjotjondro
The Secretary
PSA—Kenneth T. Young
PSA—Philip E. Haring

The Foreign Minister expressed appreciation for the position the United States had continued to maintain on the New Guinea question through committee consideration at the Tenth General Assem-

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[1]Source: Department of State, Central Files, 756D.00/10–355. Secret. Drafted by Haring. The source text bears the initials of Robertson and Young, indicating their approval.

bly.[2] He was hopeful that developments in the course of the afternoon, when he would be at New York and when the question was up for General Assembly consideration as to inscription,[3] he would be able to get the Dutch to accept inscription without acrimonious debate or bad feelings. He said that he hoped we would all understand that it was politically necessary within Indonesia for the Harahap Cabinet to insist on inscription in order that it could go ahead with negotiations to work the problem out in a more friendly manner.[4] He felt certain that it could then take up its "commitment to the Dutch to handle the issue in a very friendly manner". He said he had talked to the Netherlands' Foreign Minister Luns about the necessity for going ahead with inscription.

The Foreign Minister asserted that the Harahap Government was writing a political testament to its efforts to overcome Indonesia's difficulties and that as election results would not be known until the end of November, the Government needed support and assistance very urgently. The Secretary drew attention to the preliminary reports which suggested a fairly even division among the election returns, but the Foreign Minister emphasized that some elections were still to be held and that the vote from the outlying areas would be more important than the preliminary reports from the cities. When the Secretary mentioned the press report that "Natsir, head of the Masjumi, said Indonesia is in danger of being engulfed by Communism", the Foreign Minister responded that was why they need more economic and financial aid now. He said he was authorized by his Government to request such aid from the U.S. in order to demonstrate their efforts during these months in office. He believed the Harahap Cabinet would stay in until possibly March or April.

The Foreign Minister requested that the United States consider: a) an increase in PL 480 agricultural surplus commodities above the $48 million "requested by the previous Government", b) supplying rice (he estimated that 110 thousand tons would be needed urgently this year in addition to the 60 thousand tons being purchased from Burma) and c) increasing economic and financial assistance to

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[2]The General Committee voted on September 29 to include the item on the General Assembly's agenda after turning down a New Zealand proposal to postpone consideration of inscription of the item. The United States abstained in each case.

[3]The General Assembly voted on October 3, with the United States abstaining, to include the item on the agenda.

[4]A joint communiqué issued on October 4 in The Hague and Djakarta stated that Foreign Ministers Anak Agung and Luns had held informal talks in New York concerning their governments' mutual wish to improve relations and that they hoped a basis could be found within a reasonable amount of time for official negotiations at a ministerial level. The text of the communiqué is printed in Anak Agung, *Twenty Years*, p. 122.

Indonesia through the President's Economic Aid Fund[5] or otherwise. The Foreign Minister said he recognized both possibilities and need for improving Indonesia's trade relations with Japan but the first obstacle was the reparations settlement, which his Government was now studying. He said Indonesia is preparing to negotiate reparations on a "fraction of our claim".

The Secretary said we were studying the PL 480 request at the present time and that we would continue to explore sympathetically with the Indonesian Government additional requests under PL 480, as well as the possibility of further financial aid. However, the United States was confronted with genuine difficulty with regard to supplying rice and despite our desire to dispose of the U.S. rice surplus, we recognized the problem of Southeast Asian producers such as Burma and Thailand and we wished to respect their traditional markets.

(The Foreign Minister earlier called on Assistant Secretary Robertson and addressed himself to the same substantive interests. He did not describe the proposed level of PL 480 transactions in either meeting but later confirmed to PSA—Mr. Young the information he had given to Ambassador Cumming, that his Government had in mind seeking a program of $200 million for the next four or five years.)

[5]The President's Fund for Asian Economic Development, authorized by Section 418 of the Mutual Security Act of 1955; 69 Stat. 283.

118. Memorandum of Discussion at the 260th Meeting of the National Security Council, Washington, October 6, 1955[1]

[Here follow a paragraph listing the participants at the meeting and a report by Sherman Adams on the President's health.]

1. Significant World Developments Affecting U.S. Security

[Here follows an oral briefing by Lieutenant General Cabell on other subjects.]

An unofficial tally of October 5 with respect to the elections in Indonesia indicated that the National Party (PNI) was maintaining a substantial lead with about 28 per cent of the votes thus far counted. Next in line were the Orthodox Moslem Radicals (NU) with about

[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by Gleason on October 7.

24 per cent of the votes. The Masjumi had just overhauled the Communists and was now third with 23 per cent of the votes. The Communist Party of Indonesia (PKI) had 22 per cent of the votes. General Cabell pointed out that the votes counted thus far came largely from the island of Java which accounted for 64 per cent of the electorate.

. . . . . .

Admiral Radford commented that the Communist Party had improved greatly in the election by virtue of its activity in building schools. Dr. Flemming inquired whether the Indonesian Communist Party had helped to finance and otherwise support the campaign of the Nationalist Party. . . .

Dr. Flemming asked the Secretary of State how significant he felt this set-back to the United States actually was. Secretary Dulles said that he could not be sure yet that the results of the election really constituted a set-back for the United States. The previous coalition government of the Nationalists and the Communists might be recreated. That was the worst prospect. The resurgence of the Masjumi Party over the last few months had been encouraging but they seemed to have lost some momentum. Nevertheless, the electoral situation was still fairly close at the moment. The combined vote of the Nationalists and the Communists was approximately 12.6 million. The combined vote of the other anti-Communist parties was 11.8 million. Election returns from the outer islands might well change the face of these totals. Nor was the possibility to be excluded that the Moslem parties might join in a new coalition. In any case Secretary Dulles said that it was too early to assume that the combination of the Nationalists and the Communists would secure a majority. A situation may finally emerge which is not as good as we had hoped nor as bad as we had feared.

The National Security Council:[2]

Noted and discussed an oral briefing by the Deputy Director of Central Intelligence on the situation, with specific respect to the Middle East, Greece, the Saar referendum, the position of the Faure[3] Government and the Indonesian elections.

[Here follows the remainder of the memorandum.]

S. Everett Gleason

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[2]The paragraph that follows constitutes NSC Action No. 1446. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1955)

[3]French Prime Minister Edgar Faure.

119. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 7, 1955—6 p.m.

846. While it still early to draw conclusions on outcome of elections for Parliament, I feel enough information now available to permit preliminary discussion of possible future political developments.

Sufficient returns now in to establish certain trends, although it may well be several months before final official figures are announced. Following analysis prepared with . . . senior Embassy officers through whom I have maintained contact with several leading political figures during this period when I have felt it wise to stay somewhat in background myself. It forwarded with aim providing Department and other government agencies with our speculations during period when political character of new Indonesian Government assuming form.

There no question that results are somewhat disappointing from our viewpoint and that of our most reliable friends here. It now appears Masjumi will not, as was hoped, obtain enough seats in new Parliament to give them a commanding voice in formation new government and its policies. PNI has made stronger showing than even party itself expected and its members are making claims of sweeping victory. Some newspapers and our younger and more mercurial contacts also jumped quickly to this conclusion and have been predicting dire consequences. Masjumi leaders, however, who themselves admitted shock at early returns which showed them far behind in East and Central Java have recovered composure and are not yet conceding plurality to PNI. As reported in Embassy telegram 830[2] latest returns justify this calmer attitude. It looks at present as if standings will be so close that definitive determination may have to await the final allocation seats by Central Election Committee, after recounts, reballoting and possible assignment seats to minority groups.

Nevertheless, it now clear there will be four major parties, PNI, Masjumi, NU and PKI and that any Cabinet will have to obtain the support of at least two of them to get Parliamentary approval. Small parties (Parkindo, Catholics, IPKI, PSI, PSII, et cetera) may together obtain 10 percent seats. Influence these parties outside Parliament, in army, civil service and press, will continue in future but not to former extent. Majority small parties closer to Masjumi than any other of Big Four and association has been deepened during opposi-

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[1]Source: Department of State, Central Files, 756D.00/10–755. Secret.
[2]Dated October 6, not printed. (*Ibid.*, 756D.00/10–755)

tion Ali Cabinet as well as cooperation in present government. Minor parties therefore will in effect extend Masjumi strength.

While possible combinations will depend some extent on exact number seats each party finally obtains, most likely combinations and factors affecting them would appear to us as follows:

Most favorable combination from US viewpoint would be Masjumi–NU–PNI coalition leaving only PKI and its affiliates in opposition. There are number signs that people within each of these parties are working for such coalition. . . . *Merdeka* editorial October 4 came out in favor of such a combination and we believe that in this case paper speaks for large number of PNI party members led by Wilopo[3] who have become alarmed at consequences of close association with PKI. There are also a number of factors hindering such a combination. Masjumi's strong emphasis on corruption in Ali–Arifin[4] government did not improve its already strained relations with PNI. An American newspaperman reports that Ali jubilant at PNI's strong showing and he may be somewhat vindictive. Whether older, more leftist faction of PNI will win control of party chairmanship vacated by Sidik's death or permit younger, moderate elements to emerge, may well determine whether Masjumi–NU–PNI coalition will come into being.

Our opposition to former PNI government was based on its softness toward domestic and international Communism not on any basic dislike of nationalism as such; a sincere coalition of genuine non-Communists would deserve our support.

Another possible combination would be Masjumi–NU coalition which with support Christian and any other small parties might be able to squeeze out a bare majority. While such a government would probably be inclined towards friendliness to US and anti-Communist it would tend to drive nationalist elements which have proved by this election that they have considerable popular support into collaboration with PKI. Both NU and Masjumi have already recognized the danger in such a situation and are likely to try to avoid it.

Third possibility which like the second will depend upon the exact distribution of seats but which growing remoter as outer island returns come in is PNI–PKI coalition with religious parties forced into opposition. This combination appears unlikely in view of genuine fear of PKI on part of many PNI members, which has undoubtedly been increased by strong showing PKI in elections. Evidence of this fear was apparent in *Suluh Indonesia* editorial October 5 advising army, which has not yet voted, to cast votes for any party but PKI

[3]Wilopo was Prime Minister April 1952–June 1953.

[4]Zainul Arifin served in the Ali Cabinet as Second Deputy Prime Minister and later as Deputy Prime Minister.

which it described as representative of foreign power and suggested PNI, NU or Masjumi. Moreover, direct participation by PKI in government might influence army and other strongly anti-Communist elements toward direct action which, however, would be more difficult now after elections have been held then in June or July.

Fourth and quite possible alternative to PNI–Masjumi–NU coalition is PNI–NU grouping with support but not participation PKI. This would mean return to Ali–Arifin policies of theoretical neutralism toward Communism, both internal and external, which in effect was most favorable for PKI development and would have most serious long-range implications. It is, unfortunately, by no means impossible that such a coalition will come into being if Masjumi and PNI cannot reach a working agreement, for NU is now strong enough to sustain its claim to represent island in such a cabinet and PKI is probably shrewd enough not to exact blackmail for its support in initial period.

It is clear from above NU is key position and Masjumi already making strong bid for its cooperation on basis Moslem unity as can be seen from Natsir statement reported in Embassy telegram 840.[5] It is significant that Natsir has now come out strongly for Masjumi–NU cooperation toward which Sukiman[6] has been working for some time (see my telegram 2215 of May 16[7]).

There are reports from several sources that NU somewhat bewildered with its newly discovered strength. My colleagues, including the Moslems share my own lack full knowledge about this party whose leaders have had almost no contact with foreigners. NU evidently lack both articulate spokesmen and defined political program. It apparently based on conservative village outlook and religious orthodoxy. There is obvious basis for future association with Masjumi interaction of which may have interesting consequences. At same time nature of NU makes party vulnerable to parochial influences and maneuvers of "Hadji" Sukarno as well as "Bung" Karno.[8]

. . . stated that NU is seeking Vice President Hatta's advice and guidance on political matters. If true, this is hopeful sign, for Hatta

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[5]Telegram 840 from Djakarta, October 7, reported that Natsir had declared in a press statement of October 4 that any success gained by the Masjumi, NU, and other Moslem parties meant that the position of Islam in Indonesia would be strengthened. (Department of State, Central Files, 756D.00/10–755)

[6]Sukiman Wirjosandjojo, former Prime Minister from 1951 to 1952, was the first deputy chairman of the Masjumi Party.

[7]The telegram under reference reported a conversation between Sukiman and Cumming on May 14, in which Sukiman commented on Indonesian domestic politics and U.S.-Indonesian relations. (Department of State, Central Files, 756D.00/5–1655)

[8]Sukarno was "Hadji" Sukarno by virtue of his pilgrimage to Mecca and "Bung" (Brother) Karno by virtue of his role as revolutionary leader.

can be counted on to encourage moderate nationalist-religious coalition as he has done in past.

President Sukarno will also again play an important part in determining complexion and policies of new government and his attitude has not yet been made clear. Strong showing of PNI will be interpreted by Sukarno as vindication of his thinly veiled support for PNI and will restore some of the authority and prestige he lost in 27 June incident.[9] There are some indications that he has been somewhat alarmed at strength PKI but it too early to tell whether he will be able to resist temptation to settle old scores with Masjumi and army leaders and to urge return to Ali–Arifin government and policies.

Importance of Sukarno's attitude during forthcoming period of negotiating future coalition increased by fact Hatta leaving October 24 for visit India and plans to be abroad one month.

In foregoing discussion we have attempted set forth possibilities as accurately as we can and as we see it today. Although foregoing is tentative I believe it sufficiently supported by available information to be used for staff planning on US attitude these contingencies but continue urge restraint public comment from Department.

Cumming

[9]Reference is to the Chief of Staff crisis, which began with the installation of General Utoyo on June 27.

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120. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 27, 1955—5 p.m.

1006. No distribution outside Department. For Young PSA. Your letter October 8[2] only received yesterday and our telegrams despatched meantime indicate day to day development my views in this still unsettled situation. Considerations my telegram 1782[3] generally still valid with obvious changes detail and emphasis result changed conditions since mid-April.

In my view Masjumi, NU and PNI coalition would be desirable from standpoint our interests and development reasonable equilibri-

[1]Source: Department of State, Central Files, 756D.00/10–2755. Secret.
[2]Not found in Department of State files.
[3]Document 93.

um major non-Commie political forces which have become more clearly apparent since September 29 elections. This would be especially true if balance of power within PNI can be shifted from left to right wing. Purely Moslem government, i.e., Masjumi–NU coalition would inevitably tend towards Islamic state concept, throwing powerful nationalist influences into unhappy fellowship with Commies. Many PNI, even those who have been sympathetic with left wing, are shocked by, to them, unexpected voting strength of PKI. As you will have noticed from my telegrams, I have deliberately refrained from any contact with even friendly political leaders since elections except where necessary to conduct business with present government. . . . I have been awaiting auspicious opportunity embark on a delicate exploration of views of Masjumi and PNI leaders. Regarding collaboration between those two parties, NU and such minor parties as Parkindo, which although previously lined [*aligned?*] with Masjumi lately has shown indication of moving towards collaboration with right wing PNI. Quite frankly, one reason for delay, aside from waiting for my own hunch as to opportune time, has been absorption with our unusual influx of official visitors. As initial step, few days ago made appointment see Natsir next week and will follow this up with other PNI expressing desire talk to me.

I believe such explorations fall within framework our NSC policy.

Further elaboration foregoing views will follow but meantime would welcome your views as to desirability my carefully exploring possibility exercise our influence in trying bring Masjumi, NU and PNI together. Will be long drawn out and perhaps dangerous task but one well worth while, incurring some risk.[4]

Cumming

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[4]In telegram 786 to Djakarta, November 7, the Department replied that exploring the views of non-Communist leaders was definitely within the framework of NSC policy. Before guidance could be determined, however, more information was needed, especially concerning the character of the PNI and Masjumi post-election leadership, the orientation and attitudes of NU leaders, and whether the non-Communist parties determination to exclude the PKI was strong enough to override their differences. (Department of State, Central Files, 756D.00/10–2755) Numerous reports from the Embassy concerning Indonesian political developments during the next few months are *ibid.*, 756D.00.

121. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Acting Secretary of State[1]

Washington, November 7, 1955.

SUBJECT

PL–480 Negotiations with Indonesia

Problem:

On what, if any, basis should the United States open negotiations of a PL–480 agreement with Indonesia.

Discussion:

1. The Ali Government on July 12, and the Harahap Government later, requested a PL–480 program of cotton, milk, tobacco, and wheat, computed at $48 million for two years. Interdepartmental approval has been given the request which by reason of some reduction in quantities and different price computations would amount to $29.5 million (Tab A).[2] The draft instruction went to Ambassador Cumming on October 13.[3]

2. Dr. Sjafruddin, Governor of the Bank of Indonesia, on October 25, called on the Department, and submitted informally a request involving larger quantities of these commodities plus rice amounting to a total of $199.4 million over two years.[4] This would be far larger than any PL–480 (Title I) agreement yet negotiated by the United States. It poses many technical difficulties, raises serious questions regarding its impact on the Indonesian economy, and involves important political considerations in our relations with other producing countries. Furthermore, any decision must be governed by our own political considerations in relation to Indonesia.

3. In view of the uncertainties regarding the post-election government in Indonesia, the Department queried the Ambassador regarding the desirability of opening any negotiations on a PL–480 agreement with the Indonesian Government at this time.[5] The Am-

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[1]Source: Department of State, Central Files, 411.56D41/11–755. Confidential. This memorandum, drafted between October 28 and November 4 and apparently sent to Hoover, who initialed his approval, on November 4 or 5, is evidently misdated (see footnote 8 below).

[2]None of the attachments is printed here.

[3]Airgram 78 to Djakarta, October 13, not printed. (Department of State, Central Files, 411.56D41/10–1355)

[4]Sjafruddin's conversations with Robertson and Young on October 25 were recorded in memoranda of conversation of that date by Leonard S. Tyson of the Office of Philippine and Southeast Asian Affairs, neither printed. (Both *ibid.*, 411.56D41/10–2555)

[5]Telegram 659 to Djakarta, October 18, not printed. (*Ibid.*, 411.56D41/10–1855)

bassador, just prior to Dr. Sjafruddin's presentation of a new and much larger program, suggested that we proceed with negotiations on the basis of the $29.5 million program while "keeping some area of disagreement open pending further developments [i.e. a clearer picture of the political complexion of the new government]".[6] At the same time the Ambassador expressed the view that were we to "refuse to negotiate [at all at the present time] because of fear of what government might emerge [it] would tend to strengthen anti-western and weaken pro-western opinion in the non-Communist spectrum" (Tab B[7]).

Provisional election returns for most districts indicate an allocation of seats more favorable than we had anticipated (28% Masjumi, 27% PNI, 20% NU, 18% PKI). Recent parliamentary debates regarding the Harahap Government have shown moderation on the part of Masjumi, PNI, and NU, leaving room for political compromise among them. In short the prospects look reasonably good regarding the formation of a government which would not be pro-Communist. It is still too early to be certain that the ultimate coalition will not accept some degree of Communist cabinet or parliamentary support. Were negotiations to be initiated now, on the basis of the very large program presented by Dr. Sjafruddin, we could be faced with the prospect of discussing a very large aid program with a government which we would not wish to support wholeheartedly. Quite apart from the economic and administrative problems involved in Dr. Sjafruddin's new program, it would probably be desirable to adopt a middle course of commencing negotiations on the basis of a smaller program, which, moreover, should help friendly elements in Indonesia.

Balancing Indonesia's extraordinary request for rice (250,000 tons) and United States disposal interests with the problem in our relations with Southeast Asian rice producing countries, the Departments of Agriculture and State have reached agreement to offer up to 50,000 tons of rice on condition that Indonesia take steps to assure Burmese and Thai understanding of United States action in this field.

Recommendation:

1. That you sign the attached telegram (Tab C[8]) authorizing Ambassador Cumming to open negotiations for the program of $29.5 million in accordance with the Department's A–78, plus the conditional arrangement for rice, leaving to future Departmental approval

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[6]These and subsequent brackets are in the source text.

[7]Telegram 992 from Djakarta, October 25. (Department of State, Central Files, 756D.00/10–2555)

[8]Apparently a draft of telegram 780 to Djakarta, November 5. (*Ibid.*, 411.56D41/11–555)

the devices and methods of protracting negotiations if we find that necessary.

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122. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, November 23, 1955—7:32 p.m.

892. Hague telegrams sent Department 735, 748, 749[2] Djakarta telegrams sent Department 1143, 1147.[3] Core of Indo-Dutch problem over handling of New Guinea item and bilateral discussions appears be mutually exclusive fundamental objectives of two parties:

Since no change in Dutch position on basic sovereignty could be expected Indonesians wish avoid establishing precise relationship between substantive sovereignty issue re New Guinea and discussions UNGA action, so that out of resulting ambivalence some basis could be found for internal claim diplomatic "victory".

Dutch wish make clear that sovereignty will not be discussed and that any UN resolution neither by letter nor implication recognizes UN competence in New Guinea question; while understanding Indonesian domestic political desire obtain some public triumph on sovereignty issue (The Hague's 749 rptd Djakarta 31, Canberra 8) Luns has stated there is nothing Netherlands could or would be able to grant.

Despite desire both governments improve relations through bilateral discussions, despite agreement sufficient warrant Utoyo Ra-

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[1]Source: Department of State, Central Files, 656.56D13/11–1155. Secret. Drafted in WE and PSA; approved in FE; and cleared with PSA, FE, and EUR. Repeated to Canberra and The Hague.

[2]Telegrams 735 and 748 from The Hague, November 16 and 19, reported the Netherlands position concerning proposed bilateral negotiations with Indonesia and the pending consideration of the New Guinea issue in the General Assembly. The Netherlands Government was opposed to any discussion of sovereignty over New Guinea and to any U.N. resolution implying U.N. competence to deal with that issue or linking the New Guinea question with the bilateral negotiations. (*Ibid.*, 656.56D13/11–1655 and 656.56D13/11–1955) Telegram 749 from The Hague, November 19, reported a conversation with Luns on these subjects. (*Ibid.*, 656.56D13/11–1955)

[3]Telegram 1143 from Djakarta, November 11, reported that the current Indonesian Government's Irian policy was intended to ease tension by limiting public debate on the subject, thus paving the way for negotiations at some future time. (*Ibid.*, 656.56D13/11–1155) Telegram 1147 from Djakarta has not been found. Reference is apparently to telegram 1157 from Djakarta, November 12, which reported that Anak Agung had told Cumming that he was anxious to avoid a U.N. debate that would force both sides to make public statements that would freeze their positions and make subsequent negotiations impossible. (*Ibid.*, 656.56D13/11–1255)

melan's trip to The Hague,[4] and despite general air accommodation both sides in Djakarta, The Hague and New York, mutually exclusive objectives of two parties remain unresolved. While outcome New York talks still not known (Deptel 878 rptd The Hague 803, Canberra 150[5]), appears Indonesians cannot anticipate these talks or discussions The Hague will produce anything which could be represented as diplomatic "victory" or as progress toward solution dispute over New Guinea.

Request your estimate effect such defeat on (a) Harahap Government, (b) Opposition, (c) Constituent Assembly election outcome and (d) Public opinion in general.[6]

Dulles

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[4]Utoyo Ramelan was in The Hague as special Ambassador to the Netherlands for preliminary discussions on the place, date, and agenda for Ministerial-level negotiations between the Netherlands and Indonesia. A joint communiqué, issued December 7, is printed in Anak Agung, *Twenty Years*, p. 131.

[5]Telegram 878 to Djakarta, November 22, reported that the Netherlands Delegation at the United Nations had proposed to the Indonesian Delegation that a resolution be introduced stating that the General Assembly had decided not to debate the New Guinea item and that U.N. discussion of the item would not necessarily improve the chances for success of the projected bilateral negotiations. (Department of State, Central Files, 320/11–2255)

[6]The Embassy replied in telegram 1292 from Djakarta, December 1, that failure of the talks would have little or no effect on the Harahap government's Parliamentary situation or on the elections for a Constituent Assembly, but that it would increase PNI and PKI attacks on Anak Agung's foreign policy and increase public willingness to turn to more direct action. (*Ibid.*, 656.56D13/12–155)

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123. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 30, 1955—11 a.m.

1284. During Congressional group call on President yesterday Chairman Zablocki expressed satisfaction over improved U.S.-Indonesian relations and asked what might be done to improve them. As might be expected Sukarno plunged into Irian question but less emotionally and more logically than in past talks with me. He stressed that he would continue as long as he lived to fight for Irian and that Soviet support Indonesian position had strong influence on Indonesian people and other Asians which could only be counter balanced by positive U.S. action. He said he could overnight swing Indonesian

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[1]Source: Department of State, Central Files, 033.1100–ZA/11–3055. Confidential.

people to full friendship with U.S. if we publicly supported Indonesia. He hoped that at very least we would use our influence with Dutch to induce them to be more flexible in Indo-Dutch discussions including Irian and would support any U.N. resolution promoting discussion. Sukarno very persuasively maintained that despite U.S. world-wide commitments it should make its decisions in Asian matters uninfluenced by our commitments in Europe to those countries having Asian colonial possessions such as the Netherlands. Of considerable importance was Sukarno's statement induced by questioning from visitors that if all else failed he would agree to a plebiscite to enable indigenous inhabitants Irian decide as between Dutch and Indonesians. This is first time so far as I know President has even privately conceded possibility solution short of outright transfer of Irian to Indonesia.

Cumming

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124. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 5, 1955—4 p.m.

1319. My telegram 1277.[2] Parliamentary elections appear to have re-confirmed Sukarno as single most powerful and influential Indonesian political personality and have re-established in good part but not completely his position which had been steadily weakening since late 1953.

For this reason and also because we do not think that Sukarno is irrevocably committed to leftist course which has attracted him during past 2 years, I believe time has come again to consider inviting him to United States particularly as he is only major non-Communist SEA leader who has not been to United States.

After his visit to Egypt and Saudi Arabia last summer Sukarno appeared noticeably affected and influenced by what he saw there. These influences apparently have been overwhelmed by the experience of first general election here. But nevertheless, exposure to foreign ideas and scenes have, we believe, beneficial effect on Sukarno.

In addition to opportunity of influencing the thoughts of figure who it seems almost inevitably will occupy most important place In-

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[1]Source: Department of State, Central Files, 756D.11/12–555. Confidential; Limited Distribution.

[2]Telegram 1277 from Djakarta, November 29, reported that President Sukarno had expressed interest in visiting the United States. (*Ibid.*, 033.1100–ZA/11–2955)

donesian politics, there is clear advantage for United States in having Sukarno absent from Indonesia for a period during forthcoming months when negotiations leading to formation next coalition will be intensified. It would be most desirable from this standpoint to have visit occur before April when present administration probably will end. Sukarno presumably will not wish to be absent when formateur of Cabinet to be based on new Parliament is actually named or when Constituent Assembly[3] meets.

Another advantage in timing or at least arranging visit in near future would be that it will take place when government in power is a friendly one. Should next government be less friendly, prestige of Sukarno visit would at least not rub off on that government.

We recognize that visit to United States would tend strengthen Sukarno's position here and may cause some resentment among circles which are opposed to President. However likelihood that Sukarno can be replaced as President is so small that we believe leaders Masjumi and other opponents Sukarno would appreciate our logic and would see advantages of visit for themselves.

I appreciate difficulties in Washington which would arise from state visit owing President's recent illness. However I do not think it would be necessary for Sukarno to be White House guest and believe one interview with President Eisenhower would be sufficient. Important thing would be to have Sukarno exposed to as much of United States as possible, including Hawaii because of its blending of Western and Eastern strains, to enable Sukarno to form impressions of the size, power and prosperity of the United States. Sukarno will be interested in governmental institutions because of forthcoming Constituent Assembly here. This would provide opportunity for our extending American influence at critical and appropriate time.

Cumming

[3]Elections were scheduled for December 15 for the Constituent Assembly, which was to prepare a permanent constitution to replace the Provisional Constitution of 1950.

125. Telegram From the Department of State to the Mission at the United Nations[1]

Washington, December 10, 1955—2:05 p.m.

418. In view our policy neutrality West New Guinea, USDel should not cosponsor resolution (Delga 442 Dec. 9[2]). If assured both Dutch and Indonesians in agreement on Menon's text and will vote for it USDel should do likewise. You should inform Indonesian and Netherlands delegations that our approval does not involve any interpretation of the resolution and that we are voting for it because both parties are doing so.[3]

Dulles

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[1]Source: Department of State, Central Files, 656.65D13/12–955. Confidential; Priority. Drafted in UNP; approved in IO; cleared with FE, PSA, and WE. Repeated to The Hague and Djakarta.

[2]Delga 442 from New York, December 9, reported that the Netherlands and Indonesian Delegations had agreed to a draft resolution, suggested by Indian Representative V.K. Krishna Menon, and that both sides might ask the United States to cosponsor it. The draft resolution referred to the agenda item entitled "The question of West Irian (West New Guinea)", expressed the hope that the problem would be peacefully resolved, noted the Netherlands-Indonesian joint statement of December 7, and expressed the hope that the negotiations referred to therein would be "happy and fruitful." (*Ibid.*, 656.56D13/12–955)

[3]A draft resolution virtually identical to the Menon draft, except that it expressed the hope that the negotiations would be "fruitful", was submitted on December 12 by Ecuador, India, New Zealand, Norway, and Syria, approved without objection by the First Committee on that date, and adopted without objection on December 16 by the General Assembly as Resolution 915 (X); for further information, see U.N. docs. A/3093 and A/PV.559.

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126. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 20, 1955—4 p.m.

1447. No distribution outside Department. I believe Secretary's visit (Deptel 1005[2]) would be desirable. While there were excellent

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[1]Source: Department of State, Central Files, 110.11–DU/12–2055. Confidential.

[2]Telegram 1005 to Djakarta, December 13, reported that Secretary Dulles was considering making brief visits to several Asian capitals following his attendance at a SEATO Council meeting in Karachi in March 1956 and requested Cumming's views on a visit to Djakarta at that time to extend an invitation to Sukarno to visit the United States. (*Ibid.*, 110.11–DU/12–1355)

reasons why I felt Secretary should not call here early this year,[3] I believe visit now opportune particularly as Indonesia only Southeast Asian nation including Burma, which Secretary has not visited. Vice President Nixon's visit 1953[4] was extremely useful and time has now arrived to have another high-ranking official visit Indonesia. There was keen disappointment in Foreign Office when it became necessary cancel visit of Under Secretary Hoover 2 months ago.[5]

In making recommendation I believe we will want review situation again immediately prior Secretary's possible visit in light of the then existing political situation. While I consider it likely present government will remain in power until new Parliament installed (which should be some time in April) President does have theoretical power to dissolve Parliament which presumably would turn out Harahap government. In addition there is always possibility that government might fall on flare-up such as current Air Force affair.[6]

In drafting my telegram 1319[7] I had hoped it might have been possible utilize invitation to U.S. to remove Sukarno from Indonesia scene at possibly critical moment in negotiations for formation Cabinet based on newly elected Parliament. But in view time element involved I recognize this may not be practical. I continue believe that Sukarno should be invited to United States. My present belief, which subject review in light subsequent developments, is that if invitation is to be extended there is considerable advantage in having it extended by Secretary during his visit here.

Whether Sukarno would accept invitation is matter conjecture. He has of course made visits to neighboring countries (India, Burma, Philippines) and last summer Egypt and Arabia. Press has reported but there is no confirmation that he accepted invitation visit New Zealand. An additional factor which warrants consideration is that Sukarno (and this view may well be shared by many important leaders of many parties), should he visit United States or United King-

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[3]Dulles visited several Southeast Asian countries in February and March following a SEATO Council meeting in Bangkok. In telegram 1203 from Djakarta, January 24, Cumming had recommended against a visit to Indonesia on the ground that it would be exploited to enhance the prestige of the Ali government. (*Ibid.*, 110.11–DU/1–2455)

[4]Vice President Richard M. Nixon visited Indonesia in October 1953.

[5]Under Secretary Hoover was scheduled to visit Indonesia in October 1955 in the course of a trip through the Far East, but the visit was cancelled when it became necessary for him to return to Washington ahead of schedule because of the Secretary's absence.

[6]The Air Force Chief of Staff, Commodore Suryadarma, resigned on December 13 in protest against the Harahap government's appointment of a new Deputy Chief of Staff of the Air Force, Vice Commodore Sujono, but President Sukarno had not accepted Suryadarma's resignation. On December 14, the installation ceremony for Sujono had been disrupted by a group of Air Force personnel.

[7]Document 124.

dom but particularly former, may feel constrained to balance such visit with call on USSR. But I sense that part, at least, of Indonesian coyness, as expressed in some way in its "independent foreign policy" stems from lack knowledge of some its leaders of world. For example, Ali is only ranking Indonesian who has visited China. I believe we might well derive considerable benefit from having Sukarno make personal comparison between Russia and United States. In this connection I might note that Hatta (Embtel 1424[8]) lightly suggested in passing he would be unable absent himself from Indonesia "until after Constituent Assembly finished", presumably matter of at least six months to year.

As to appropriate date if he accepts, I believe he might not want to be absent from Indonesia at date installation newly elected Parliament (presumably April). Almost anytime thereafter I should think might be acceptable to him provided he could be in Indonesia for celebration August 17 national holiday.

Cumming

[8]Telegram 1424 from Djakarta, December 17, reported a conversation with Hatta concerning the Air Force incident. (Department of State, Central Files, 756D.5/12–1755)

127. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 20, 1955—6 p.m.

1452. Sudarsono, former Indonesian Ambassador to India presently Chief Planning Bureau Foreign Office, came see me this afternoon on personal instructions of Harahap in his capacity Prime Minister as well as Acting Foreign Minister and with approval of Vice President Hatta. Sudarsono said that Hatta and Harahap wish me present to my government an earnest plea that we re-examine our position on Irian to see if there were anything we could do "with the Dutch or with the Indonesians or with both" to help bring present Dutch-Indonesian negotiations to successful conclusion. Hatta and Harahap understand our position of neutrality which has been explained to them so often. They wish us to know, however, that they feel that regardless of our "neutrality" we are "associated with the

[1]Source: Department of State, Central Files, 656.56D13/12–2055. Confidential; Priority; Limited Distribution.

Irian question": first, because of our dominant position in Pacific and concern with existence of a stable non-Communist Southeast Asia; secondly, because we helped so much in bringing about Indonesian independence; and thirdly, because during 1949 Round Table Conference at The Hague an American, former Ambassador Cochran,[2] was not only present as a mediator (in his capacity as U.S. Representative on UNCI) but participated in drafting of Irian formula incorporated in agreements. Going back to first point Sudarsono said that Hatta and Harahap wished me emphasize to my government "dangerous effect" upon future of Indonesia should Indonesian Delegate at Geneva return home without some tangible results. Spelling this out he said Hatta and Harahap wished stress misuse being made of our neutrality not only by Communists inside and outside Indonesia but also by non-Communist nationalists. (Here he interpolated remark: "I am sure you will understand the person to whom Hatta and Harahap are referring." He could only have meant Sukarno.)

During conversation Sudarsono emphasized advantage Communists and "unscrupulous non-Communists" were gaining from present Air Force crisis in which Sukarno and Hatta were in direct conflict to degree which was not case in Army Chief of Staff crisis.

At one point Sudarsono said some success if [*in?*] Geneva negotiations was not only important to present government but would affect shape of successor government and strengthen moderate influences in country who are having difficult time in face of Communist and emotional nationalist agitation. Although I knew answer I asked Sudarsono for the record whether successful negotiations of economic and financial provisions of RTC would outweigh any disadvantage from inconclusive results on Irian. He replied that moderate elements considered economic and financial provisions to be more important but political realities made Irian element of predominant importance.

I confined myself to re-stating our position of neutrality, to questions designed to make clear message which he was conveying to me, and to saying I would of course report it to Washington.[3]

Cumming

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[2]H. Merle Cochran, Ambassador to Indonesia, December 1949–February 1953.

[3]A handwritten note on the source text by Haring indicates that Young discussed it with Robertson, who said to hold to strict neutrality.

128. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 21, 1955—5 p.m.

1465. Deptel 1033.[2] I believe we should proceed with negotiations PL 480 program on assumption "AURI affair"[3] will be worked out and present govt will continue in power until formation of new Parliament possibly April. As we have previously pointed out our attitude toward present govt will not only affect its ability to stay in power but will also have bearing on nature and orientation of govt based on newly elected Parliament. We should not therefore be first to assist in pulling rug out from under present Cabinet which while have [*sic*] net effect postponement negotiations.

Although final results September elections not yet in, prospects indicate that non-Commie govt will be formed excluding Commies although not yet clear whether will be led by PNI or Masjumi. Would seem to us advantage however, no matter which party leads new govt, to strengthen hand of any non-Commie govt which may emerge even though it may not be as friendly to US as present Cabinet. No govt will be able to meet fully Indo's present economic needs without assistance from abroad. To withhold assistance from any future non-Commie govt might force it to seek help from other sources. It would seem therefore we should continue negotiations with present govt in order to strengthen its position and hope thereby favorably affect formation post-April govt, and implement agreement with any non-Commie govt.

Emb assumes program will also include rice (Embtel 1027[4]) in addition commodities listed Deptel 1033. Emb attempting obtain info on rice as requested Deptel 1027 which will be reported separately.

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[1]Source: Department of State, Central Files, 411.56D41/12–2155. Secret; Priority.

[2]Telegram 1033 to Djakarta, December 19, reported that interagency agreement was tentatively reached on a P.L. 480 program for Indonesia at a level of $19.1 million for 1 year in cotton, tobacco, dairy products, and wheat, but that in view of the uncertain politica1 situation, especially relating to the Air Force disorder, the Department wished to have the Embassy's assessment of the advantages and disadvantages of proceeding with negotiations. (*Ibid.*, 411.56D41/12–1555)

[3]See footnote 6, Document 126.

[4]Telegram 1027 from Djakarta has not been found. The reference is apparently to telegram 1027 to Djakarta, December 16, which informed the Embassy that informal discussions were held the previous day with representatives of the Burmese, Thai, and Indonesian Embassies to make clear the U.S. position that any U.S. sale of rice to Indonesia under the P.L. 480 program should not materially injure Burma's and Thailand's rice trade. It also informed the Embassy that the United States was willing to offer the Indonesians up to 250,000 tons of rice provided that they purchased the usual marketings of Burmese and Thai rice and that the Indonesian Government and the Embassy in Djakarta could justify this quantity. (Department of State, Central Files, 411.90B41/12–1655)

On total and composition of suggested increases regrettable that proposed figures still below original Indo request of $24 million and particularly that composition is so heavily weighted against wheat. Wide discrepancy between tobacco and wheat figures likely to have unfavorable public repercussions playing into hands of ready snipers and detractors of PL 480 programs (despatch 341[5]). I hope therefore we can bring total up to $24 million if possible by increasing wheat and dairy products, although I am aware of problems involving other countries normal trade Indonesia.[6]

Cumming

[5]Despatch 341 from Djakarta, December 6, reported that several recent editorials in the Indonesian press had criticized the P.L. 480 program. (*Ibid.*, 411.56.41/12–655)

[6]Telegram 1064 to Djakarta, December 23, authorized the Embassy to tell the Indonesians that the United States could meet the Indonesian request for 250,000 tons of rice provided that U.S. relations with Burma and Thailand would not be impaired by material injury to the normal Burmese and Thai exports to Indonesia. (*Ibid.*, 411.56D41/12–2355)

129. Memorandum of Discussion at the 271st Meeting of the National Security Council, Washington, December 22, 1955[1]

[Here follows a paragraph listing the participants at the meeting.]

1. Significant World Developments Affecting U.S. Security

[Here follows a briefing by Director of Central Intelligence Dulles on matters unrelated to Indonesia.]

With respect to Indonesia, Mr. Dulles pointed out that things were not going so well there now as they had been until recently. President Sukarno seemed determined to oust the present pro-Western regime. He desired to replace it with a government more amenable to his own views. Mr. Dulles described the defiance of the government's authority by the Chief of Staff of the Indonesian Air Force, and concluded that the line-up had Sukarno, the National Party and the Communist Party on one side, with Vice President Hatta, the Masjumi Party, and the Indonesian Army on the other.

The President inquired whether there was anything that we could do, ... Mr. Dulles replied that President Sukarno seemed to

[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by Gleason on December 23.

be the key to any solution of the problem, and he wished it were possible for the United States to exert influence on him. Mr. Dulles then described the returns to date in the elections for the Indonesian Constituent Assembly. The Masjumi Party was doing much less well than it had done earlier in the parliamentary elections, although admittedly the earlier returns from Java tended to favor the National Party. Nevertheless, Sukarno obviously had a tremendous hold on the people, and it looked as if he had now cast his lot with a Nehru type of position and would play along with the Indonesian Communists.

The Vice President said that at least we could be sure of one thing. Sukarno was consumed with conceit. He was even worse than Nehru in this respect. The President asked whether he was likely to get still stronger, and would it be desirable to invite him to visit the United States. Secretary Dulles replied that he was not sure that Sukarno would come even if he were invited. The Vice President thought that it was nevertheless a good idea to invite him. Secretary Dulles pointed out that the danger in inviting him would be that he would get us hooked to the Indonesian position with respect to New Guinea.

[Here follows discussion of another matter.]

The National Security Council:[2]

Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to recent Soviet atomic tests; developments in the Middle East; the political situation in Indonesia; and the forthcoming French elections.

[Here follows the remainder of the memorandum.]

S. Everett Gleason

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[2]The following paragraph constitutes NSC Action No. 1492. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1955)

130. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, December 28, 1955.

SUBJECT

Indonesian inquiries concerning military equipment and training

Discussion

NSC 5518[2] provides that we shall: "Increase Indonesia's military and police capabilities by providing, especially for internal security purposes, military and police training and equipment as requested by Indonesia and determined to be in the U.S. interest."

Since the Indonesian elections on September 29, Ambassador Mukarto and other Indonesian officials have made inquiries to various American representatives concerning the possibility of procuring military equipment and increasing training in the U.S.

No firm request has been submitted, but the Military Attaché at Djakarta has been approached preliminarily in terms of equipping a Regimental Combat Team, and we have been informed that the present plan is to develop an elite cadre beginning with such a unit equipped and trained along U.S. lines.

In each approach the Indonesians have mentioned that they do not want grant-aid; they cannot undertake entangling commitments of the kind which caused trouble on an MSA agreement in 1952;[3] and they hope for some form of loan or credit under which to make purchases.

Preliminary exploration within the Department and with the Department of Defense suggest that upon a determination that it is now in our interest to respond to Indonesian requests, equipment might be made available on a credit basis:

(a) upon certain minimum assurances necessary to establish Indonesia's eligibility under Section 106 of the Mutual Security Act of 1954, as amended, through:

(1) sales on terms of payment within three years up to the amount which can be made available by the military services on this basis under Section 106 of the Mutual Security Act.

(2) transfers under Section 103 (c) of the Mutual Security Act on terms of payment of up to ten years, to the amount Defense could reallocate appropriated funds for this purpose, and

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[1]Source: Department of State, Central Files, 756D.5/12–2855. Secret. Drafted in PSA and cleared with FE, U/MSA, U/OP, and L/MSA.

[2]Document 95.

[3]See footnote 7, Document 116.

(b) without legal necessity for any specific assurances, but subject to Presidential determination, up to $20 million, on any approved terms, under Section 401.

Staff consensus is that no attempt ought to be made to use the Section 401 funds until an attempt has been made to place such relations with Indonesia on the base of some adequate assurances with the further advantage of retaining Section 401 funds for increasing our assistance once a military program has begun.

The attached letter to the Secretary of Defense[4] would constitute a policy determination that we should be preparing ourselves to give sympathetic consideration to a firm request from the Indonesians and would ask the Secretary of Defense to proceed with a determination as to the availability of funds and the nature of a loan offer we might make to the Indonesians.

Ambassador Cumming strongly favors giving their request sympathetic attention at this time.[5] All interested agencies concur at the staff level that the program should be undertaken expeditiously. I agree that it would be desirable to prepare our position and authorize our officers to show interest to the extent of our capabilities to encourage present incipient Indonesian interest.

Recommendation:

That you sign the attached letter.[6]

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[4]Not printed.

[5]Telegram 1312 from Djakarta, December 2, a copy of which was attached to the source text, reads in part:

"In view of existing preference Indo Army for American training methods and weapons and Army's key role as obstacle to Communist entry into government, I strongly favor giving sympathetic attention to Indon request, if made. Extension United States influence in Army and strengthening it as anti-Communist force would definitely help attainment of United States objectives this area and is specifically in line with NSC policies. ARMA . . . concur." (Department of State, Central Files, 756D.5/12–255)

[6]The letter to Wilson was signed by Dulles on December 30. (*Ibid.*, 756D.5/12–3055)

131. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, December 30, 1955—8:06 p.m.

1008. Djakarta's 1452 (pouched The Hague by Dept).[2] The Hague's 943 rptd Djakarta 52.[3] Both Dutch and Indonesians have requested US assistance in current Indo-Dutch negotiations re outstanding differences. Dutch have requested we warn Indonesian Government of impossibility success current Indo-Dutch discussions unless question Dutch prisoners held by Indonesians is settled. (They have made similar approach to UK, Belgium, Pakistan, India and Australia.) Indonesians have requested we re-examine our position on New Guinea to see if there is anything we can do with Dutch, Indonesians or both to help bring Indo-Dutch negotiations to successful conclusion.

Department continues appreciate problems confronting both Dutch and Indonesians in endeavoring work out their differences. After careful consideration requests from both sides, however, Department has decided it cannot accede to Dutch or Indonesian request without vitiating US policy of neutrality which has been consistently followed and to which Department wishes continue adhere strictly.

Embassy Djakarta should inform Indonesian Government Jan 3 its request given serious consideration but US has decided, in keeping with its policy strict neutrality it cannot intervene.[4]

Department will respond similarly on Jan 3 to Dutch request.[5]

Re reaction Department to Dutch approach, as reported The Hague's 943, Departmental officers did not comment on substance prisoners issue or Dutch démarche as such when it raised with Department by Ketel, First Secretary Dutch Embassy. They made clear they in no position give immediate answer but assured Ketel Dutch request would be carefully studied and response given as soon as practicable. Ketel made repeated assertion Indonesian treatment

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[1]Source: Department of State, Central Files, 656.56D13/12 955. Confidential. Also sent to Djakarta and repeated to Brussels, Canberra, Geneva, Karachi, London, and New Delhi. Drafted in WE, approved in FE, and cleared with EUR and PSA.

[2]Document 127.

[3]Telegram 943 from The Hague, December 29, reported that the Netherlands Foreign Office was disappointed in the initial U.S. reaction to a December 23 approach to the Department of State by the Netherlands Embassy concerning the Dutch prisoners in Indonesia. (Department of State, Central Files, 656.56D13/12–2955) The Netherlands request for U.S. intervention with Indonesia concerning the prisoners was delivered on December 23 by First Secretary Ketel of the Netherlands Embassy. (Memorandum of conversation by Young, December 23; *ibid.*, 656.56D/12–2355)

[4]Telegram 1551 from Djakarta, January 4, 1956, reported that the U.S. position had been given to Sudarsono. (*Ibid.*, 656.56D13/1–456)

[5]No record of this conversation has been found in Department of State files.

Dutch prisoners in same category as Chinese treatment American prisoners, which Department officer informally, without going into merits, questioned as to Indonesian reaction such assertion.

Dulles

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132. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, January 3, 1956.

SUBJECT

Notes on January 3, 1956 meeting with the Secretary, Ambassador Cumming,[2] the Undersecretary, C Mr. MacArthur, FE Mr. Robertson, S/P Mr. Bowie, PSA Mr. Young and Mr. Haring

Ambassador Cumming, following a private meeting with the Secretary,[3] opened the general meeting by describing the ability to be of influence in Indonesia as it must look to the Soviet Union. He noted that we often see the problem only from that of United States relations but the Soviet Union must feel that Indonesia is slipping away from its capability to be of influence. It was important to note that they are never-the-less not giving up but are working to the extent they can.

New Guinea

The Secretary inquired whether the Indonesians raised the subject of New Guinea. Mr. Robertson indicated that President Sukarno recently said that if we would support him on that issue he could line up Indonesia solidly on the side of the West. Ambassador Cumming said he did not recommend that we change our position of neutrality with regard to sovereignty itself, but he felt that the record of 1949 (RTC) Agreement showed that the two parties agreed to discuss the issue between themselves and he felt that the situation might soon require us to show support for that level of Dutch-Indonesia relations. He said that at the present time the Dutch allege we would be unneutral if we urged such negotiations whereas as the Indonesians see it negotiations were agreed to, and they realize that the

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[1]Source: Department of State, Central Files, 611.56D/1–356. Top Secret.
[2]Cumming was in Washington for several days for consultations.
[3]No record of this conversation has been found in Department of State files.

United States took some 50 years to negotiate its Canadian border dispute.

The Secretary said he would be talking with Prime Minister Eden and that we recognize the need for emphasizing liberal treatment by colonial governments but that we must do so privately without public show to get them to realize that any other policy makes our other efforts amount to naught. He cited French, Portuguese and Dutch colonial relations as an example. He said he was not sure that we would accomplish anything vis-à-vis our NATO Allies if we were to do something publicly. He said the need is to bring them along to see the urgency themselves. He said the problem among the new Nationalist forces is that they see colonialism as the domination of white people over colored people but are completely undisturbed when it is a matter such, as the Soviets, white over white, or in other cases colored over colored, as he regarded it if Indonesia were to rule over the Melanesians of New Guinea.

He said it was not likely that we could change our position at an early date but we might move forward on a broad front in a matter of months or years.

The Ambassador felt we ought not to go fast on the issue of sovereignty itself but he asked for authority, in the field, to show, for example, how we had helped the Associated States to attain independence and thus demonstrate our purpose. The Ambassador mentioned also the good he believed would come from the Secretary's taking note at Paris that NATO commitments do not extend to the Far East.

The Secretary endorsed utilizing USIA and our other resources to make known our policy and assistance in bringing about the free and independent States and indicated general approval of the Ambassador's view. Mr. MacArthur said that he had been doing considerable work in this field already and expected to make use of such evidence in the course of the Secretary's talks to top leaders in South East Asia. The Secretary said the material should be brought together to show what we had done so he could use it in South East Asia talks.

Sukarno Visit

There was a general discussion about the possible visit of President Sukarno: The Secretary mentioned the NSC Meeting of December 22[4] and the President's interest. Ambassador Cumming said he recommended favorably but he knew that President Sukarno wished to be in Indonesia for the beginning of the Constituent Assembly. The Secretary asked whether May would be a good time and the Ambassador indicated that it was completely uncertain but he would

[4]See Document 129.

think late May or June. The Secretary indicated that the President was anxious to avoid visits when Congress was finishing up its business; he noted also that a later visit might conflict with our political campaigns. The Secretary wondered if another Asian-African Conference might disrupt the plans and Mr. Robertson reported that India, Ceylon, Burma and Indonesia all seemed cool to the idea of another Asian-African Conference and it did not now appear it would be held in mid 1956.

Mr. MacArthur said that in planning visits an important consideration was what the visitor would see outside of Washington. He and Mr. Robertson alluded to the great success of the Russian Housing Experts Visit; they saw the life of the ordinary American.

The Secretary strongly emphasized the need for paying more attention to the selection of things for the visitors to see particularly in large industry and in housing.

Ambassador Cumming noted that there were two aspects in his opinion: (1) what the visitor will be impressed by and (2) those things which will provide a favorable comparison to the things which will be set up for him to see when he visits Communist China and the Soviet Union. He noted both the success of Vice President Nixon's visit in Indonesia and President Sukarno's impression of the Vice President's interest in seeing ordinary people in their small homes.

The Secretary said he approved the Sukarno visit in principal. It remains a question of date and so forth which could be considered later. Mr. MacArthur noted the possible advantages to having the Secretary extend the invitation directly if he visited Sukarno as planned during March and the Secretary inquired whether it could wait that long.

Ambassador Cumming said he would like to create a favorable climate about the visit before the Secretary would make his formal invitation especially to avoid the embarrassment of having it extended and turned down. The Secretary approved, providing it was made clear that we may be in difficulty as to the date and that if he cannot come before June it might not work out.

Military and Security

Mr. MacArthur and the Ambassador warmly endorsed our present program of training Indonesian military officers in both the United States and in the Philippines and described it as most useful in Indonesia. Ambassador Cumming said all lines of command in the Army now flowed through officers who had been trained in the United States. The Secretary in closing said he regarded Indonesia as one of the most important areas to our interest and that it was so

important we might have to consider very drastic steps if the situation slipped.

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133. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 6, 1956—5 p.m.

1573. In course courtesy call on Acting Foreign Minister (who is also Prime Minister) this morning he stated Dutch-Indo talks not going smoothly and outcome still uncertain. Indo Government still hopeful Dutch will find it possible agree on points 1 and 2 of agenda.[2] If delegation comes back empty handed Foreign Minister fears Dutch-Indo relations will deteriorate seriously and that opposition will seek foment anti-Dutch feeling.

Reference West Irian he stated Indonesians understand position present Dutch Government but hoped Dutch would agree to discuss "transfer of sovereignty" at some future date. He stated this would postpone issue until after Dutch forthcoming elections but would not be intended to postpone it indefinitely. Foreign Minister stated he had today received report from Ambassador Mukarto on his talk with Assistant Secretary Robertson, Ambassador Cumming, and Ken Young.[3] He read to me in confidence statement Ambassador Mukarto made to group on Indo feeling on West Irian issue and reiterated that it is a national rather than partisan question and that no Indo Government no matter what its construction can afford to take any other stand.

Foreign Minister commented on difficulties he encounters in dealing with NU and PSII. Both parties, however, agree with Cabinet's position in Dutch-Indo talks except that both want "make haste". Should some agreement come out of negotiations both parties according Foreign Minister will support decision.

Foreign Minister stated government understands fully U.S. position on West Irian. Government still hopeful, however, U.S. Govern-

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[1]Source: Department of State, Central Files, 656.56D13/1–656. Confidential. Repeated to The Hague.

[2]See footnote 4, Document 122.

[3]On January 3, Moekarto had given Robertson a memorandum noting the points of difference existing in the Dutch-Indonesian negotiations and had asked for U.S. assistance to ensure a "favorable direction" to the negotiations; he had made a similar plea in a conversation on the same day with Cumming and Young. The conversations are recorded in memoranda by Haring, dated January 3, both in Department of State, Central File 656.56D13/1–356.

ment will find it possible influence Dutch come some agreement on items of agenda other than West Irian so that Indo Delegation will not return empty handed.[4]

Mein

[4]The Dutch-Indonesian negotiations at Geneva were recessed on January 7. Mein reported in telegram 1613 from Djakarta, January 11, that leaders of all moderate non-Communist political elements had told the Embassy that unless the Cabinet obtained an agreement to discuss West Irian at some unspecified future date, the proponents of reason in matters of foreign relations would receive a setback and the proponents of more strident tactics would be strengthened. He concluded with the comment that "we may be facing last opportunity for next several years to strengthen hands of moderates and conversely to weaken position extremists." (*Ibid.*, 656.56D13/1–1156)

134. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, January 23, 1956—8:10 p.m.

1213. Department called in Indonesian and Dutch Ambassadors January 23. Conveyed to Indonesian Ambassador substance Deptel 1208 Djakarta 1119 Hague which prematurely forwarded posts January 21.[2]

To avoid misunderstanding due language difficulties Department informally handed Indonesian Ambassador memorandum of meeting[3] saying Department: 1) has studied approaches by both Indonesian and Dutch Governments 2) reluctant have US assume role intermediary in complex Indonesian-Dutch differences 3) certain Indonesia shares US interest in tranquillity and stability SEA 4) regards

[1]Source: Department of State, Central Files, 656.56D13/1–2356. Confidential. Also sent to The Hague. Drafted in PSA, cleared with FE, and approved by Deputy Under Secretary Murphy.

[2]Telegram 1208 reported that in response to an Indonesian request of January 8 for U.S. intervention with the Netherlands on behalf of an Indonesian proposal to postpone discussion about West Irian and a January 10 request from the Netherlands Government for U.S. help in promoting a rapid solution of the problem of the Dutch prisoners in Indonesia, the Department had explained to the Indonesian and Netherlands Ambassadors its decision not to intervene while negotiations were underway between the two governments. (*Ibid.*, 656.56D13/1–456) The telegram was approved in draft by Under Secretary Hoover as a basis for the anticipated conversations. (Memorandum from Elbrick and Robertson to Hoover, January 19; *ibid.*, 656.56D/1–1956) The January 23 conversation between Moekarto and Murphy is recorded in a memorandum of conversation by Haring, not printed. (*Ibid.*, 656.56D13/1–2356)

[3]Reference is to an aide-mémoire, a copy of which, initialed by Murphy, is attached to a memorandum of January 21 from Robertson to Hoover. (*Ibid.*, 601.56D11/1–2156)

questions at issue, especially dispute over New Guinea, as matters be worked out between two parties immediately concerned 5) is hopeful both Governments will continue try work out mutually satisfactory solutions their problems and 6) reaffirms US attitude neutrality on substantive issue sovereignty New Guinea.

Indonesian Ambassador said under new instructions had also to bring up request for possible US encouragement (which also being asked of UK and Australia) to get Dutch signature to matters agreed upon informally thus far. Said these concerned Union, method of settling disputes by reference to ICJ, and trade and payments agreement revision. Pleaded that present Government needed this accomplishment to justify its moderate and friendly approach to Dutch relations; felt failure would mean doom any future negotiations with Dutch as "PNI will head next coalition Government and it will not have basis for moderate approach settling other matters with Dutch." On interrogation re possible courses Indonesian action said he was certain that abortion present efforts would result in unilateral action by a future Indonesian Government re abolishing Union, financial relations with Dutch, and abrogation of obligation of some $500 million remaining under "Settlement of Debts" provision of RTC. Said this would all be done by enactment domestic Indonesian laws and that he had already told Ambassador van Roijen that was prospect if they did not find means settling differences with moderate Harahap Government by negotiations.

Indonesian Ambassador said he not pessimistic as certain Dutch themselves must appreciate advantage their interest in making settlements now but reiterated present indications were unwillingness sign on matters already covered in talks and therefore his Government hoped US and others would see fit intervene.

Department observed that new approach unlikely alter our position just stated as we were between two good friends and could not argue their substantive interests, however we added we hoped two would continue their efforts reach mutually satisfactory solutions.

Separate message follows re Dutch Ambassador's call.[4]

Dulles

[4] *Infra.*

135. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, January 25, 1956—7:35 p.m.

1135. Dutch Ambassador was called in January 23[2] receive oral response his note January 10.[3] Department stated Dutch had requested our intervention re prisoners while Indonesians had requested our intervention re New Guinea which also involved in Geneva negotiations. We regard matters in negotiations as problems be worked out between themselves and are hopeful they will continue their efforts to do so. In circumstances seems clear if we supported Dutch re prisoners we would be under heavy pressure from Indos to approach Dutch re New Guinea on which we intend maintain neutrality. Order avoid risk becoming involved as intermediary we therefore felt unable accede either Dutch or Indonesian request. Department stated belief no misunderstanding by Indonesians of US attitude re prisoners view our past informal approaches to Indo Government on humanitarian grounds.

Ambassador stated he considered questions to be entirely separate with New Guinea purely political issue and fate prisoners humanitarian problem. Two prisoners were now standing trial but remaining 14 had never even been brought before court. He made strong plea for our help on prisoners question and did not agree that confidential approaches to present Indonesian Government would embarrass or irritate it.

In response inquiry Ambassador stated Geneva discussions had gone very badly to date and weakness present Indonesian Government made continued negotiations academic. Indonesian Delegation would welcome Dutch concessions but unable make any concessions themselves since they obviously could not obtain approval by Indo Assembly. Although Indos declaring substantial progress made in negotiations before suspension and want Dutch agree formally to what so far negotiated, no satisfactory stage reached from Dutch viewpoint to permit conclusion agreement. Indos thus hope to be in position place onus on Dutch for refusing conclude agreement.

On departure Ambassador expressed hope Department would not maintain wholly negative attitude toward request for assistance

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[1]Source: Department of State, Central Files, 656.56D13/1–2556. Confidential. Repeated to Djakarta. Drafted in WE and approved by Murphy.

[2]The conversation between Ambassador van Roijen and Murphy is recorded in a memorandum of conversation of January 23 by John Wesley Jones, not printed. (*Ibid.*, 656.56D13/1–2356)

[3]The Netherlands aide-mémoire of January 10 and a memorandum of conversation by Elbrick of a conversation between van Roijen and Under Secretary Hoover on that date are *ibid.*, 656.56D13/1–1056.

behalf prisoners and was told we would explore matter further with Ambassador Cumming after Geneva talks concluded.

Dulles

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136. Editorial Note

At a National Security Council meeting on January 26, Director of Central Intelligence Dulles commented as follows on developments in Indonesia:

"Mr. Dulles then turned to developments in Indonesia. He pointed out that the Harahap government was threatened with imminent overthrow. President Sukarno wanted to get rid of this regime before the newly-elected Indonesian parliament convened, since if the government had fallen in the interval, Sukarno would be in a position to appoint twenty delegates himself, which might secure the balance of power to forces supported by Sukarno. To make matters worse, a split was occurring in the Masjumi Party. If the present government fell, Mr. Dulles pointed out, the successor government was not likely to be as friendly to the United States and to the West. This likewise, concluded Mr. Dulles, was a situation deserving of our most careful attention, though for the moment it was difficult to see what more the United States could do than it was presently doing." (Memorandum of discussion by Gleason, January 27; Eisenhower Library, Whitman File, NSC Records)

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137. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, February 17, 1956.

SUBJECT

Ambassador van Roijen's Call to Discuss Failure of Geneva Talks:[2] February 17, 1956 at 3:00 P.M.

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[1]Source: Department of State, Central Files, 656.56D/2–1756. Confidential

[2]The Dutch-Indonesian negotiations in Geneva had resumed on February 7, but concluded without reaching an agreement. For texts of the statements made by Foreign Ministers Anak Agung and Luns at the final session on February 11 and the joint statement issued by the two delegations on that date, see Anak Agung, *Twenty Years*, pp. 155–157.

The Counselor of the Indonesian Embassy[3] called on February 14 to provide us with their views on the failure of the talks at Geneva. A memorandum of conversation is attached. (Tab–A)[4] The Netherlands Ambassador will probably enlarge on his remarks made to you on February 10. (Tab–B)[5]

In essence the two positions are as follows:

Dutch

1. When negotiations were interrupted on January 7, sufficient agreement on the items in the four point agenda had not been reached to permit one final meeting to formalize the accomplishments of talks up to that point.

2. It was understood by both sides that until complete agreement had been reached on all points of the agenda, it would be considered that no agreement had been reached.

Indonesian

1. Areas of agreement had been reached on all points of the agenda, and areas of disagreement were also defined. The conference was recessed for consultations with their respective governments, and for the Dutch Government to decide whether to accept or reject the Indonesian compromise proposals on the points of difference. The Dutch delegation had accepted ad referendum even the Indonesian proposal for a statement on the New Guinea question.

2. It was *not* understood that until complete agreement had been reached on all points it would be considered that no agreement had been reached.

It would be difficult and probably counterproductive for the United States to attempt to lay blame on one or the other party for the failure of the talks. The Dutch were apparently determined that they would get from the Indonesians firm commitments on the Dutch prisoners problem. They were well aware of the internal political difficulties being experienced by the Harahap Government, and were concerned that the present and incoming Parliaments might accept concessions made by the Dutch and reject concessions made to the Dutch. (They went over the head of the Indonesian delegation to raise this subject with the Indonesian Government, which greatly irritated the Indonesians.) While as far as is known no dispute has thus far arisen over provisions of the Union Statute and the Financial and Economic provisions of the Round Table Conference agreement, the Dutch apparently felt it was necessary to protect their future position by obtaining an arbitration agreement or by obtaining agree-

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[3]Sujono Surjotjondro.

[4]The tabs were not attached to the source text. Tab A, a memorandum of conversation by Francis T. Underhill of PSA, dated February 14, is in Department of State, Central File 656.56D/2–1456.

[5]Tab B, a memorandum of conversation by Underhill, dated February 10, is *ibid.*, 656.56D13/2–1056.

ment to refer disputes to the International Court of Justice. (Indonesia is not a signatory to the ICJ statute.)[6] Finally, the Dutch were unprepared, for their own internal political reasons to modify their position on West New Guinea even to the point of an ambiguous statement implying that the question of sovereignty would be discussed at a later date.

The Harahap Government, for its part, was under severe domestic political pressure to obtain from the Dutch at least as much as the former Government obtained in negotiations in 1954. The Government also was under attack for the concessions which were made to the Dutch on the prisoners problem such as the release of the Dutch constable Van Krieken and the admission of the Dutch lawyer Van Empel, and did not have sufficient popular support to satisfy completely Dutch minimum demands on this problem.

Whatever the rights and wrongs of the narrow and relatively unimportant Geneva talks problem, both ourselves and the Dutch will suffer from the consequences in Indonesia. The moderate elements which both we and the Dutch would like to see in the ascendancy have been discredited and weakened, and the chauvinists and extremists have been strengthened. The Masjumi, the only major, outspoken anti-Communist party, has been isolated from other Moslem and non-Communist elements around which it is hoped a coalition excluding the Communists would be formed, and the moderate elements, to prove their patriotism and to salvage their reputations, have been obliged to adopt more violently anti-Dutch positions.

The Netherlands Ambassador in commenting on the effects of the abrogation of the Union Statute[7] and the possible unilateral abrogation of the Financial and Economic Agreements,[8] may raise the question of the adverse effects which these actions will have on American and British, and on the foreign investment climate in general, as well as Dutch foreign investment. These agreements have in effect given Dutch business a privileged position in Indonesia, and it is difficult to determine at this time what immediate effect, if any,

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[6]Statute of the International Court of Justice, attached to the Charter of the United Nations, signed at San Francisco, June 26, 1945; for text, see 3 UST 1153. Article 93 of the U.N. Charter states that all U.N. members are ipso facto parties to the Statute.

[7]The Union Statute, which established the Netherlands-Indonesian Union, was one of the constituent agreements in the Round Table Conference Agreement; for text, see 69 UNTS 3. The Indonesian Government's decision to abrogate the Union Statute was announced by Prime Minister Harahap on February 16; the text of his statement is printed in *Documents* (R.I.I.A.) for 1956, pp. 752–755.

[8]The agreements under reference were attached to the Union Statute and were among the constituent agreements of the Round Table Conference Agreement; for texts, see 69 UNTS 3.

abrogation would have on American business. PSA/E and the Embassy will be asked for their views on this question.

Recommendation:

I suggest that you make no substantive comment on Ambassador van Roijen's statement, and express only our regret that the Dutch and Indonesians have not yet been able to resolve their differences between themselves.[9]

[9]Robertson followed this recommendation in his conversation with Ambassador van Roijen, recorded in a memorandum of conversation by Haring, dated February 17. (Department of State, Central Files, 656.56D13/2–1756)

138. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 20, 1956—4 p.m.

1946. My telegram 1923.[2] During audience this morning Sukarno touched on following subjects:

(1) Irian. I replied I thought Indonesian position well understood in Washington but I saw no indication change from our neutral attitude on sovereignty question.

(2) His Pontianak speech (my telegram 1357)[3] and January 15 statement (Embassy telegrams 1665 and 1739).[4] I said that I was glad he had spoken with such frankness regarding his real views before I went home in December but that continued statements by him of this kind naturally tended to lead newspaper readers to think that he was inclined towards tolerance of Communism and PKI. He repeated explanation given my telegram 1460[5] and also said that he was

[1]Source: Department of State, Central Files, 656.56D13/2–2056. Secret.

[2]Telegram 1923 from Djakarta, February 17, reported that Cumming was to see Sukarno on February 20. (*Ibid.*, 123–Cumming, Hugh S., Jr.)

[3]Telegram 1357 from Djakarta, December 9, 1955, transmitted a press report of a speech by Sukarno, in which he had reportedly declared that the nationalist, religious, and Marxist segments of the Indonesian people should cooperate and that no one of the three groups should be ignored. (*Ibid.*, 756D.00/12–955)

[4]Telegrams 1665 and 1739 from Djakarta, January 17 and 25, reported that in a January 15 speech Sukarno had called for national unity, including the Moslem, Nationalist, and Communist Parties. (*Ibid.*, 756D.00/1–1756 and 756D.00/1–2556)

[5]Telegram 1460 from Djakarta, December 21, 1955, reported that Sukarno had told Cumming in a conversation that morning that in asking for cooperation between nationalist, religious, and Marxist groups, he had in mind only "cooperation for interests of Indonesia in completing its fight for independence" and did not refer to participation in the government. (*Ibid.*, 756D.00/12–2155)

"positively certain" that PKI would not be represented in government which will be formed shortly and would not be represented in any government while he was President. (*Comment:* This does not, of course, exclude repetition of situation under Ali Cabinet.) [Garble] said PNI and NU were already very close together and that Masjumi would be welcome join coalition although he personally would be unable fully to trust Masjumi until Masjumi leaders disclaimed connections with Darul Islam[6] and "with full heart" joined in government efforts to repress Darul Islam activities. He vehemently denounced "activist" Communists and "activist" Moslems. Both of them, he said, were "enemies of a united Indonesian people". He repeated his well-known opposition to a theocratic state and quoted Jefferson on the subject of freedom of religion and separation of state and church.

Replying his question as to American reaction such a coalition, I said that in my personal view a coalition of all Islamic parties with PNI would be accepted in United States as union of two major forces in Indonesian political life counteracting third major force, namely, Communism. He asked whether United States were anti-nationalist (which I interpreted as meaning anti-PNI) and I said that we definitely were not but that he must agree that during 1953–55 PNI-led government did little if anything to keep American-Indonesian relationships warm. He said there was a single reason: "Irian". I said that nothing but misunderstanding and distrust could arise out of situation wherein one of two basically friendly countries over-emphasized single subject no matter how important, on which views of the two countries disagreed, to detriment other subjects. In this phase of the conversation I made very clear, however, that while I was unhappy over the attitude of the Ali government towards United States, Indonesian press reports that we were opposed to PNI were unfounded (see my telegram 1144[7]).

(3) In referring to his anti-colonial and anti-imperialist "struggle" Sukarno spoke firmly but without heat regarding breakdown of Geneva Indonesian-Dutch negotiations and said that regardless of party all Indonesians would support unilateral termination not only union but economic and financial provisions RTA. Responding his request for my personal views I said that unilateral termination of

[6]The Darul Islam was an organization of armed insurgents who advocated making Indonesia an Islamic state.

[7]Telegram 1144 from Djakarta, November 11, 1955, reported that during a conversation with former Prime Minister Ali, Cumming had made a point of declaring that rumors of U.S. opposition to the PNI were without foundation and that the United States "was not pro or anti any Indonesian political party except Communists and did not meddle in Indonesian political affairs." (Department of State, Central Files, 757D.13/11–1155)

economic and financial agreements between any two countries was bound to create uncertainty regarding the denouncing country's attitude towards all foreign investments and economic relationships; that while it would be improper for me to comment specifically on a dispute between the Netherlands and Indonesia, I felt it was very important that in handling denunciation of the financial-economic arrangements Indonesia take care to make clear to world and especially to United States that denunciation was not prelude to further action against foreign investments generally. He said with emphasis that all that he had in mind was to remove special position which Dutch enjoyed in Indonesia and equal treatment of their economic interests to that accorded other countries. I regard this statement as of some importance.

Sukarno looked well and had none of nervousness of manner or unhealthy physical puffiness which some of my colleagues profess to have noted in talks with him within the past few weeks. He was cordial personally and friendly in all references to the United States except with regard to our attitude on Irian and on this he was more disappointed than angry. He did not refer nor did I in any way to the possibility of his visiting the United States.

Cumming

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139. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, February 25, 1956—2:22 p.m.

1452. Djakarta's 1932, rpted The Hague as 120.[2] Djakarta's 1971, rpted The Hague as 126.[3]

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[1]Source: Department of State, Central Files, 656.56D13/2–2356. Confidential. Repeated to The Hague. Drafted in PSA; approved in FE; cleared by Murphy and with WE, ITR, and ED, and in substance with the Department of Commerce.

[2]Telegram 1932 from Djakarta, February 17, reported that the factions represented in the Indonesian Government had agreed in principle on the unilateral abrogation of the financial and economic agreements attached to the Union Statute and that the matter was under study by the ministries concerned. Cumming requested instructions regarding the views he should express on the matter if he should be queried privately. (*Ibid.*, 656.56D13/2–1756)

[3]Telegram 1971 from Djakarta, February 23, reported that the Netherlands Economic Counselor in Djakarta had expressed uncertainty about the effects of Indonesian abrogation of the financial and economic agreements. (*Ibid.*, 656.56D13/2–2356) Telegram 1307 from The Hague, February 22, reported that Indonesia had informed the Netherlands Government on February 21 that it no longer considered itself bound by the Union Statute and all annexed agreements and exchanges of correspondence. (*Ibid.*, 656.56D13/2–2256)

1. Mukarto called on Murphy February 23[4] under instructions his government and stated following: (1) Abrogation finec agreements end privileged position Dutch in Indonesia and place all foreign investment equal basis; (2) American business and investment in Indonesia would not be adversely affected; (3) all existing commitments to Dutch business and investors which have standing "under international law" would be honored.[5]

2. Difficult give specific guidance (urtel 1932) absence further Indonesian clarification implementation abrogation finec accords. Suggest you informally express view U.S. gratified learn Indonesian Government intention that abrogation will not adversely affect US investments and state we interpret Mukarto remarks indicate no steps will be taken which would give rise to feeling in minds businessmen U.S. or any other national origin that foreign investors unwelcome Indonesia.

3. Our preliminary assessment possible effects abrogation as follows:

(a) Possibility U.S. companies operating in Indonesia now incorporated in Netherlands may subsequently be required incorporate in Indonesia need not necessarily affect their individual financial arrangements with Indonesia. Unless any new investment policies fail provide adequate transitional provisions for current U.S. investment arrangements believe unlikely U.S. investments will encounter special problems. However must await further developments to obtain clearer picture.

(b) Effect abrogation on Netherlands-Indonesian economic relations under study. Would appreciate Embassy comments especially after Indonesian position re abrogation clarified. Suggest you ascertain informally what Indonesians and Dutch view as main economic advantages under RTC for Netherlands, as opposed to other countries, which may now be modified.

Dulles

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[4]The meeting was recorded in a memorandum of conversation by Underhill of the same date. (*Ibid.*, 811.05156D/2–2356)

[5]The Ambassador made a similar statement to Young on February 21. (Memorandum of conversation by Young, February 21; *ibid.*, 886D.00/2–2156)

140. Memorandum From the Secretary of State to the President[1]

Washington, February 27, 1956.

SUBJECT

Invitation of President Sukarno of Indonesia for a State Visit

As the leader and personification of his people's struggle for independence, President Sukarno occupies a position of unique power and influence in Indonesia, the largest and most populous nation of Southeast Asia. He has often expressed a desire to visit the United States and was very hospitable to Vice President Nixon in 1953 when he visited Indonesia.

Neither President Sukarno nor any other high-ranking Indonesian has ever been accorded state or official visit courtesies by the United States. President Sukarno speaks of familiarity with important American writings such as those of Lincoln, Jefferson, and Madison, but he has no first-hand familiarity with America (nor with any European country). His lifetime efforts to separate Indonesia from Dutch political and economic influence have biased his attitude toward many aspects of Western economic and political development.

President Sukarno is expected to continue to exercise an important, if not decisive, role in determining the internal structure and political orientation of the developing Indonesian state. I believe that we may broaden his outlook and increase his understanding by a visit to the United States.

I recommend, therefore, that you authorize me to invite President Sukarno to visit the United States in May of 1956, planning on the dates of May 16–19 for the Washington period.[2]

John Foster Dulles[3]

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[1]Source: Department of State, Central Files, 756D.11/1–2756. Confidential.

[2]Approved by Eisenhower on February 28. Although the initials on the source text are not in the President's handwriting, an attached memorandum of February 28 by Barnes states that Goodpaster had informed him that morning of the President's approval.

[3]Printed from a copy that bears this stamped signature.

141. Telegram From the Department of State to the Embassy in India[1]

Washington, March 9, 1956—7:20 p.m.

Tosec 50. Netherlands Ambassador who called today on several matters expressed misgivings designation Ali Sastroamidjojo as new Indonesian Prime Minister[2] and discussed Indonesian unilateral abrogation of Roundtable economic accords.

Regarding Ali, Ambassador feels that new Government will feel compelled to be even more nationalistic than last and that it will eventually accept PKI support. Hence anticipated orientation of Indonesian Government is cause for grave concern not only to Netherlands but to all Western Powers.

Unilateral abrogation of Roundtable agreements leaves no protection for foreign investments since there is no adequate domestic legislation concerning it. Netherlands Ambassador suggested it would be appropriate for us to inquire, in light of abrogation of Roundtable accords, what protection in legislative field now exists or is contemplated for American investments. Finally Van Roijen expressed hope that Secretary while in Djakarta[3] would neither by commission nor omission give Indonesians impression, on which they might subsequently trade, that US approves of unilateral abrogation of international treaties.

Regarding alleged privileged position of Netherlands Government in Indonesia Netherlands Ambassador said that this derived from two provisions in Roundtable settlements: 1) Indonesian Republic assumed some of debt obligations in Indonesia to Netherlands and 2) that Netherlands Government be consulted before there any change in rate of exchange of Rupiah. Beyond this Dutch investors have had no privileged position. Van Roijen referred to Indonesian note to UN February 28[4] which indicates in paragraph 12 Dutch investment will receive same treatment as other foreign investment. Netherlands Government van Roijen said would be satisfied to continue receiving most-favored-nation treatment for its investments and expressed hope US would take formal notice either in UN or in

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[1]Source: Department of State, Central Files, 756D.00/3–956. Confidential. Repeated to Djakarta and The Hague. Drafted in WE, cleared with PSA and FE, and approved in EUR. Secretary Dulles was in New Delhi after attending the SEATO Council meeting in Karachi.

[2]The Harahap Cabinet resigned on March 3; on March 8, President Sukarno asked Ali to form a new Cabinet.

[3]Secretary Dulles was scheduled to arrive in Djakarta on March 12.

[4]Not further identified.

discussions with Indonesians of these assurances in Indonesian note to UN.

Hoover

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142. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, March 10, 1956—3:48 p.m.

1589. Your 1312.[2] As reviewed during your consultation, Secretary requested Defense explore legal and practical possibilities supply Indonesian Regimental Combat Team on credit basis.[3] Department noted following possibilities credit: (a) establishment of eligibility by certain minimum assurances under Section 106 MSA as amended via (1) sales based on credit up to three years in amounts available from military services or (2) on transfer under Section 103c MSA through loans up to 10 years to extent Defense could reallocate appropriated funds; or (b) without legal necessity any specific assurances, subject Presidential determination, up to $20 million any approved terms under Section 401. Departmental view was no attempt ought to be made utilize Section 401 until attempt made obtain Indonesian assurances for other eligibility.

Defense now prepared sell desired equipment to Indonesia "for cash" under Section 106 if Indonesia becomes eligible by giving necessary assurances or by Presidential determination exempting Indonesia such assurances. Unable indicate what amounts could be handled on credit terms lacking list specific equipment required, but would consider further upon submission. Also indicates "furnishing equipment to Government Indonesia for Regimental Combat Team is not considered project sufficient military priority warrant use limited MDAP appropriations finance long term credit under Sections 102 and 103c even if Indonesia became eligible."[4]

Department will not take matter up with Ambassador or Military Attaché Washington, despite their optimistic interest months ago, until you advise whether feasible now encourage Indonesia submit assurances in form unilateral declaration or otherwise. Re-

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[1]Source: Department of State, Central Files, 756D.5/12–255. Secret; Limit Distribution. Drafted in PSA, approved in FE, and cleared with U/MSA.

[2]See footnote 5, Document 130.

[3]See footnote 6, *ibid.*

[4]The Department of Defense reply was conveyed in a letter of March 2 from Gordon Gray to Secretary Dulles, not printed. (Department of State, Central Files, 756D.5–MSP/3–256)

quest your views soonest whether (a) any hope getting formal program through with assurances or (b) you believe consideration should be given seek Presidential determination for funds under Section 401.

Hoover

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143. Telegram From the Secretary of State to the Department of State[1]

Bangkok, March 13, 1956—6 p.m.

Dulte 27. Eyes only Acting Secretary from Secretary for President.[2]

Dear Mr. President:

I had a useful 24 hours in Djakarta.[3] I gave President Sukarno your informal invitation to come to the US. He was much gratified. However, there is some doubt that he will find it feasible to do so this spring because of the present problem of forming a new government and then the problem of a constituent Constitutional Assembly.

I found on the whole a very good reception with a smattering of Communist antagonism. I tried particularly to emphasize the fact that they as a new nation freed from colonialism face the same problems that we faced nearly 200 years ago and therefore we can sympathize with them and help them. We have no desire to push them into international involvements which would prevent their concentrating upon the internal development which is essential for their national persistence.

The big issue is whether or not the new government will be formed through alliance with the Muslim parties or whether the national party will try to form a government with the Communist party support.

There is no doubt but what Ali who has been asked to try to form the government will try to form it in combination with the Muslim parties. There is some uncertainty because their price may be high or [*for?*] they are asking for three Ministries—that of Foreign Affairs, Defense and Education. Hard bargaining is now in process.

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[1]Source: Department of State, Central Files, 110.11–DU/3–1356. Secret.

[2]A copy of this telegram, initialed by Eisenhower, is in Eisenhower Library, Whitman File, Dulles–Herter Series.

[3]Further documentation concerning Dulles' visit to Djakarta, March 12–13, is in Department of State, Central File 110.11–DU and *ibid.*, Conference Files: Lot 62 D 181, CF 675–682.

While some try to make it appear that my visit was designed as an intervention in their internal affairs and that our recently concluded agricultural assistance program[4] was a bribe, I believe that on balance both of these events will give more chance of the new government not being organized on basis of Communist participation.

The public demonstrations were overwhelmingly favorable, and a very minor incident of throwing a Communist propaganda sheet into my car is totally unrepresentative.

I have come away with some fresh ideas as to how we can more effectively present our common interests to the Indonesian people, and in this respect also I believe the trip was worthwhile.

Faithfully yours,

Foster Dulles

[4]An agreement providing for the sale of $96.7 million worth of surplus agricultural commodities to Indonesia over a 2-year period was signed at Djakarta on March 2; for text of the agreement and accompanying exchanges of notes signed at Djakarta on March 2 and 5, see 7 UST 361.

144. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, March 14, 1956—8 p.m.

2186. No distribution outside Department. Following is summary conversation with President March 12 which Secretary has not yet cleared. I am delivering completed draft to him in Manila tomorrow.[2]

Foreign Office Secretary General Roeslan Abdulgani and I were present.

After exchange amenities, President asked Secretary's views on Asia. Secretary referred to evolutionary processes apparently going on in Soviet Union especially since spring 1955 culminating in 20th Party Congress.[3] It not yet clear whether these changes indicate strategic trend or whether purely tactical in character. Changes might be only formal not substantial but ultimate goal Soviet Communism remains unchanged; namely, imposition their system on whole world. We must continue hope, however, that at some time people of world

[1]Source: Department of State, Central Files, 110.11–DU/3–1456. Secret; Priority. Repeated priority to Manila for Secretary Dulles.

[2]A copy of the memorandum of conversation is *ibid.*, 110.11–DU/3–1356.

[3]The Twentieth Congress of the Communist Party of the Soviet Union, held in February 1956. For documentation on U.S. policy with respect to the Soviet Union, see vol. xxiv, pp. 1 ff.

can be released from present heavy burden military expenditure which might be obtained through collective defense for those who desire it. President indicated agreement that world's people should be released from armament burden.

Re Asian scene, Secretary said he struck by number conflicts including Irian, Pakistan–Afghanistan difficulties, Pakistan–Indian distrust and Ceylonese concern re Indian intentions.

President stated that in Irian dispute Indonesia feels strong because people 100 percent united in demanding its return which is not claim single party but of all Indonesian people who felt revolution uncompleted until Irian became Indonesia's. He said that Indonesian independence has "not yet been fully achieved" and his people would continue struggle for "complete freedom".

Secretary pointed out that after United States obtained independence there were series disputes lasting 50 to 70 years with Great Britain. He referred to northeast boundary dispute and Oregon difficulties when we had slogan "54 degrees 40 minutes or fight". However, we did not fight but worked out problem in evolutionary way, even accepting British investments without feeling we sacrificed any independence. Secretary said he assumed Indonesia did not wish fight for Irian. President replied with emphasis "no".

Secretary pointed out Communists using all means sharpen international conflict. He mentioned Soviet arms transactions with Arabs, offer of economic and technical assistance Asian countries and suggested we must be very careful of new tactics which did not mean any change in Communist goals. Adverting to Irian and United States non-interference this question resulting from our alliance with Dutch and friendship with Indonesia, Secretary emphasized continuance historic United States support in evolutionary processes bringing forth some 15 new nations especially since World War II. He mentioned United States interest especially in Indonesia after war and encouragement we had given Indonesia.

President acknowledged United States assistance Indonesian independence struggle but said problem for Asians is not pro or anti-Communism but that whole Asian scene showing "stamp of nationalism"; what Nehru means when he refers "mind of Asia" is nationalism. He concluded that every attitude taken by other countries measured by Asian people in respect national aspirations. President added American voice is not so clear now as 1945 to December 1949; on question Asian nationalism Communist voice more clear.

Secretary said nationalism which President mentioned as being primary influence Asia at present is very principle which United States has stood for since earliest days. He said that this belief in nationalism and right peoples be independent was part every American. With our widespread commitments and our sense of responsibility,

we could not always openly go as far or fast as some nations might wish. We do not believe it helpful tear apart fabric relationships with colonial powers with whom we have so many ties. United States would not go in for cheap promises. Even though our efforts could not be openly discussed they have been so successful as in some cases to arouse resentment colonial powers. Communists however can make cheap promises which they have no intention of fulfilling even if in position to do so.

President agreed promises cheap but these cheap promises listened to in Egypt, Burma, India and by part Indonesian peoples.

Secretary asked President continue have confidence in good faith of American people in their sincere and continuing opposition to colonialism. He hoped President and our friends in colonial areas would have confidence in United States support general trend nationalism and anti-colonialism even if not satisfied every detail our actions.

Referring at one point collective defense arrangements for those countries which desire them, Secretary mentioned Indonesia happily in geographical position where it not subject direct aggression. He fully understood Indonesia desire not engage political and military commitments abroad but to be free concentrate their energies on development their country. There was no intention on United States part to impose anything on Indonesia shoulders. United States not critical Indonesian position but if Indonesians ever need help they know where they can get it.

Secretary then said to understand Americans better President should come to United States. President replied nothing he would like better but that depended upon American Government. Secretary said on behalf President Eisenhower he inviting President Sukarno to visit United States suggesting dates May 16–19 as perhaps mutually convenient for Washington visit to be followed by few days visit through United States. President, with visible evidence pleasure, expressed his warm appreciation, accepted invitation in principle but because commitments here would have consider final dates.

Cumming

145. Memorandum of a Conversation, Department of State, Washington, March 16, 1956[1]

SUBJECT

Dutch-Indonesian Relations

PARTICIPANTS

Dr. van Roijen, The Netherlands Ambassador
Mr. Ketel, First Secretary, The Netherlands Embassy
EUR—Mr. Merchant
WE—Mr. Dunham

Ambassador van Roijen, who called at his own request, said he had been instructed by his Government to reiterate the comments made by Foreign Minister Luns to Ambassador Matthews[2] with respect to his Government's dismay over the Secretary's visit to Djakarta. They recognize, of course, that the Secretary of State, as a representative of a great nation, is free to go where he wishes, but the Netherlands Government, in this particular instance, would have appreciated it if it had been consulted in advance about the visit, the signature of the $96 million economic aid program (PL 480) agreement, and the invitation to President Sukarno to visit the United States. In this latter connection the Ambassador contrasted our failure to consult them with the action of the British who consulted the Dutch Government some time in advance of their invitation to the Indonesian Foreign Minister to visit London during the Indo-Dutch negotiations at Geneva.

The Ambassador pointed out that these events had occurred immediately after the Indonesian Government had unilaterally abrogated the Round-Table Treaties and in the midst of public excitement in Holland over the Jungschlager trial.[3] Thus, from our actions, it appears to the Dutch that we have given the Indonesians a pat on the back and are encouraging them in the course they have been following. In their view, it consequently seems that we have abandoned our neutral position. Their feeling, the Ambassador said, was further confirmed by the message the Secretary sent President Sukarno after his departure (see attached)[4] and he mentioned particularly the following paragraph:

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[1]Source: Department of State, Central Files, 656.56D13/3–1656. Secret. Drafted by Dunham and initialed by Merchant, indicating his approval.

[2]Matthews reported in telegram 1447 from The Hague, March 13, that Luns had called him in that afternoon at the instruction of his government to express dismay over recent U.S. actions toward Indonesia. (*Ibid.*, 611.00/3–1356)

[3]The trial of Leon N. Jungschläger, begun in February 1955, was nearing its conclusion.

[4]The attachment, not printed, is a partial text of the Secretary's message, which he sent to Cumming for delivery to Sukarno in telegram 28 from Bangkok to Djakarta

Continued

"I believe that only those who have gone through the process of transformation from being a colony to being an independent nation can understand the problems that are involved. You and we have had a common experience which we can share with a special sense of fellowship."

The Ambassador commented that he personally was sure these actions have no connection with the abrogation of the Round-Table Agreements and with the Jungschlager trial. However, public opinion cannot be blamed for failing to understand them. Our actions, he said, have aroused profound indignation in Dutch public opinion and his Government and the beginning of anti-American sentiment can now be observed. The Jungschlager trial and the abrogation of the treaties have already aroused great excitement in Holland and the public fails to understand why the United States does not help the Netherlands as an ally in the same manner that other nations have assisted. Instead they now feel that the United States has left them in the lurch, the more so when the Secretary appears to have gone all out to give support to the Indonesians.

The Ambassador then briefly reviewed the Jungschlager case which he said they regard as a politically motivated trial, a farce and a frame-up. He handed Mr. Merchant the attached protest of the International Jurists' Commission which had been given to the Indonesian Ambassador in London by the Executive Committee of the Commission (attached).[5] He pointed out that this protest had been prepared because the jurists felt that Jungschlager has not received a fair trial. Furthermore, he said, sworn testimony has been given that Jungschlager was in the Netherlands when some of the crimes he is charged with are alleged to have been committed.

In the Dutch view, the Ambassador said, when an oriental people have gone as far as the Indonesians have in such matters as the Jungschlager trial and the abrogation of the Round-Table Agreements, they will be encouraged to go even farther by actions such as those which occurred during the Secretary's visit to Djakarta. The Dutch now fear the Indonesians will continue to move against Dutch and other interests in Indonesia. He pointed out that, with the abrogation of the Round-Table Agreements, the basis for the protection of foreign investments in Indonesia is now gone. These Agreements had served as protection for Dutch and other foreign investments in the absence of Indonesian legislation. Now, however, others must take the lead in protecting their own investments there and the

(sent to the Department as Secto 46), March 13. (Department of State, Central Files, 110.11–DU/3–1356)

[5]Dated March 14, not printed.

Dutch will have to seek their protection through most favored nation treatment.

The Ambassador concluded by stating that he had been asked to bring these matters to the Department's attention, although most of these points had already been expressed to Ambassador Matthews, and he felt it his duty in representing his Government's views to speak in this frank manner.

Mr. Merchant said that he could partially understand, against the background of the Jungschlager trial and the failure of the Indo-Dutch negotiations at Geneva, how Dutch opinion would feel regarding these developments. We would, of course, deeply regret any misunderstanding which might have lead to this reaction.

With respect to the Secretary's trip, Mr. Merchant said that it may have been an oversight on our part not to have told the Ambassador of the Secretary's plans. However, the Secretary is accustomed to making such visits on his trips abroad. He had long planned to visit Djakarta but had been unable to include it on his itinerary until now.

The invitation to President Sukarno to visit the United States is a somewhat different matter, Mr. Merchant said. This was a personal invitation which was extended on the President's behalf by the Secretary and the President is not in the habit of informing other Governments of such a personal invitation to a chief of state.

Regarding the PL 480 Agreement, Mr. Merchant pointed out that the Agreement had been in the process of negotiation for a long time and he expressed the hope that the coincidence in the timing of its signature would not be misunderstood by the Dutch.

Mr. Merchant then referred to the Jungschlager trial. He stated that we are maintaining our interest in this case and are continuing to follow the trial closely. He felt he could assure the Ambassador that a representative of our Embassy will be present at the concluding sessions of the trial. He further assured the Ambassador that the absence of any action on our part to date should not be considered as a failure to appreciate its humanitarian aspects; rather, it is a matter of considering and determining when and how the United States can best be of assistance.

Concerning the abrogation of the Round-Table Agreements, Mr. Merchant informed Ambassador van Roijen that we had authorized our Ambassador in Djakarta some time ago to take up the general question of the protection of foreign investment in Indonesia, ours as well as others.

Mr. Merchant then indicated the hope that the Ambassador and his Government would recognize and understand the deep sentiment which exists in this country for new nations who have gained their independence, a feeling arising from the parallel with our own histo-

ry. He asked for this same appreciation of our position in the Far East where the United States feels a deep sense of responsibility in combatting the threat of the Soviets and the Chinese Communists. These obligations are a heavy burden and our actions in carrying out the responsibilities we have in this area the Dutch may often feel are wrong. However, we hope they will give us their sympathetic understanding because we are moving in that area in a way we consider to be not only in our interests, but for the good of all our friends and allies. We hope, therefore, they will not misunderstand and misinterpret our motives.

Mr. Merchant referred to the close friendship and association which has existed for so long between the United States and the Netherlands and stressed our alliance in NATO, reaffirming our belief that there is nothing that approaches the strength and importance of our NATO ties. We expect that our close relations can withstand these present difficulties and any misunderstandings and we hope that we can look to the Dutch Government for its understanding of our problems and for its assistance in reducing the growth of the anti-American feeling in Holland to which the Ambassador had referred. We need the help of our allies, Mr. Merchant said, in assisting us to maintain our role in world affairs through such understanding both of our actions as well as of our motives.

Ambassador van Roijen expressed his appreciation for Mr. Merchant's comments and particularly for his references to NATO and to the close ties between the United States and Holland and promised that he would bring them to his Government's attention. However, he said, he felt he would be less than forthright if he did not say frankly that he expects the Dutch Government will still think that they cannot count on our help when they need it most, that they will feel that their needs either do not penetrate to our understanding or are not seriously considered.

Mr. Merchant replied that, while we may be disagreed with in the various steps which we take, we hope our friends will not impute ill motives to us and will understand that we are endeavoring to act for the good of all. It is for this reason that we hope our friends will do all they can to prevent misunderstanding of our actions and intentions by uninformed opinion.

The Ambassador expressed his appreciation of this point of view, but said that he thought his Government would still feel that the Secretary's visit, the invitation to President Sukarno and the other events which he had mentioned were markedly ill-timed, and would continue to regret that the United States had not seen fit to consult with it as an interested party and an ally. Mr. Merchant replied that, while he did not wish to press this matter further, he felt that even if we had consulted the Dutch, they would necessarily

have had to object and, while their objections would have received serious consideration, he felt confident they would not have altered the Secretary's plans. Ambassador van Roijen said he thought we would have found them in this matter, as in others, a realistic people.

Ambassador van Roijen then concluded by expressing his appreciation for the opportunity to present these views to Mr. Merchant in this frank and friendly manner.

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146. Editorial Note

At a meeting of the National Security Council on March 22, Secretary Dulles reported to the Council on his Asian trip. His remarks concerning his visit to Djakarta were as follows:

"Secretary Dulles went on to point out that in the main the United States possessed more assets in the area that he visited than he had counted on. Ceylon was proving to be a strong anti-Communist area. The situation in Free Vietnam was extremely good. The newly-formed Indonesian Government (headed by Ali Sastroamidjojo) looked better than anticipated. This government had been formed actually while Secretary Dulles was in Indonesia, and he believed that perhaps what he had been saying and doing in Indonesia at this time had had some effect on the composition of the new government and the exclusion therefrom of Communist representation. At any rate, this was the view of our Ambassador.

"Secretary Dulles said that at Djakarta one encountered to the full the typical problem which was facing the United States in so many former colonial areas, namely, the problem of steering a course between the views of the colonial powers and the aspirations of these new nations. Secretary Dulles admitted that his public statements at Djakarta had angered the Dutch. Nevertheless, the Dutch High Commissioner had privately told Secretary Dulles that what the latter had said was the only thing he could have said if the area was to be saved from Communism, although the High Commissioner had publicly protested the Secretary's remarks. Secretary Dulles insisted that it would be a tragedy if the United States should play any other role than the one he had sketched, though we must recognize the severe repercussions of such a role on our NATO allies and others." (Memorandum of discussion by Gleason, March 23; Eisenhower Library, Whitman File, NSC Records)

Neither any message from Cumming commenting on the impact of the Secretary's visit on the formation of the new Indonesian Government nor any other record of Dulles' conversation with the Netherlands High Commissioner in Indonesia has been found in Department of State files.

147. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, March 27, 1956—1 p.m.

1545. I have given careful thought to Deptel 1555, March 22[2] and possible steps we might now take in effort to check growing loss of confidence in United States leadership in both Dutch official quarters and among general public. I should point out that deterioration United States–Netherlands relations has not been an overnight development and is not too susceptible to overnight cure. Unfortunately, government, Parliament and public no longer believe in our willingness to consider the interests and feelings of Netherlands as our ally. This process of doubt, as I pointed out in 1954 began with our position of "neutrality" re New Guinea issue in UN and has continued to deepen ever since. As I have reported ad nauseam, Dutch feel strongly in the rightness of their cause and believe that in our hearts we share their conviction that transfer of New Guinea to Indonesia is in the interest neither of the inhabitants nor of the west. They believe our failure to take a position stems from timidity and failure to understand oriental psychology, and it is basically this which has shaken their confidence in our judgment and our leadership to the core.

Starting from this premise, what can we do in the present crisis? It is well to recognize that some of the causes which produce this low state of our prestige here cannot [and] will not be undone.

First and foremost, I assume we are not prepared to alter our policy of neutrality re New Guinea.

Second, we cannot and should not now cancel the $96 million surplus commodity agreement.

Third, we cannot now retroactively consult the Dutch in advance.

Fourth, we cannot withdraw the invitation to Sukarno.

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[1]Source: Department of State, Central Files, 611.56/3–2756. Secret; Priority. Repeated to Djakarta by the Department.

[2]Telegram 1555 to The Hague requested Matthews' comments on steps that were under consideration to halt the deterioration of U.S. relations with the Netherlands and to counteract the growth of anti-American sentiment. The actions proposed were a discussion between Secretary Dulles and Ambassador van Roijen, a simultaneous discussion between Matthews and Foreign Minister Luns, and a public statement by Matthews. (*Ibid.*, 611.56/3–2256) In telegram 1488 from The Hague, March 19, Matthews had reported "unanimous and bitter resentment" in the Dutch press at the U.S. attitude toward Indonesia, especially because of U.S. silence following the prosecution's demand for the death sentence in the Jungschläger trial and because of remarks praising Indonesian leadership that Secretary Dulles had made at a press conference during his visit to Djakarta. (*Ibid.*, 956.61/3–1956)

Fifth, I assume at this late date we are unwilling to criticize Indonesian unilateral abrogation of solemn treaties with Netherlands.

Sixth, but not least, we cannot deny or explain the Secretary's laudatory public statements re Indo leaders. This leaves but one subject in this field, namely the Jungschlager case, which has sparked the present unanimous and deep-felt popular indignation. Whatever the Indo's assertions that they inherited their trial procedures from the Dutch, it is this travesty of justice which has done more to shake popular confidence in United States integrity than in any other factor in present Netherlands–United States relations. Department is fully aware from reports from Djakarta and The Hague that Jungschlager has not been permitted adequate defense facilities, that prosecution witnesses have contradicted and changed their testimony repeatedly and that it has been established beyond any reasonable doubt that Jungschlager was in the Netherlands on leave, cashing bank checks in Limburg, at the very period when he was charged by the prosecution with engaging in air operations and conspiracy involving, among others, United States and British Embassy planes.[3] In such circumstances, the public prosecutor's demand for the death penalty is, the whole Dutch nation believes, outrageous. Any argument that the case is still sub judice and that comments thereon are therefore out of order finds no response in this country.

I suggest, therefore, that a public statement, preferably by the Secretary himself but if not at least one by the Department, is the sole present step we can take to help right the balance.

If this is impossible I can only recommend that we sit tight and ride out the storm. The latter will subside eventually and it may be in the course of a few years our acts [and] our policies in various areas of the world may help restore some of the confidence we hitherto enjoyed. But it depends very much on the nature of such acts.

I am in full accord that a thorough discussion by the Secretary with Van Roijen will be helpful and will at least give the Dutch a feeling that they are heard. I strongly urge an early meeting.

As to a statement by me here, I strongly recommend against it. Ambassador Dillon's statement[4] was excellent and most valuable, but there is a basic difference between the situation here and in France. In France our job was to correct a possible misunderstanding

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[3]One of the witnesses at Jungschläger's trial alleged that American Embassy personnel were involved in his activities in 1952. When these charges first appeared in the press, Cumming issued a statement that there were no facts to support the allegations. (Telegram 1071 from Djakarta, January 5, 1955; *ibid.*, 756D.00/1–555)

[4]Ambassador to France C. Douglas Dillon had delivered an address on March 20 concerning U.S. policy toward North Africa; for text, see *AFP: Current Documents, 1956*, pp. 703–707. Telegram 1555 to The Hague had suggested a similar statement by Matthews.

of our support for France in Algeria. Here there is no misunderstanding at issue but policy of non-support of the Dutch. Initial conciliatory statements reportedly made by Department officers in response to press queries following Luns' statement in Parliament[5] have produced only horse laughs and added irritation. A statement, for example, that the Secretary's visit to Djakarta might contribute to the improvement of Netherlands-Indo relations, was reported in the press with four exclamation points in the headline; for the Dutch are convinced that our silence on the abrogation of Union agreements and praise for Indo leaders will only encourage latter to take further action against Dutch interests. So if no helpful statement on the Jungschlager case can be forthcoming, I urge that silence is, if not golden, at least not acid.[6]

Matthews

[5]Luns declared on March 22, in response to a question, that the Netherlands Government was shocked and disappointed by some of Dulles' public statements in Indonesia. (Telegram 1517 from The Hague, March 22; Department of State, Central Files, 110.11–DU/3–2256)

[6]In telegram 2347 from Djakarta, March 30, Cumming commented that statements by the "United States before judgment has been made might boomerang to hurt Jungschlager, and would certainly undermine the good which Secretary's visit, invitation to Sukarno, and other recent accomplishments here have done for United States." Cumming concluded that he agreed with Matthews' recommendations that "we sit tight and ride out the storms." (*Ibid.*, 611.56/3–3056)

148. Memorandum of a Conversation, Department of State, Washington, April 2, 1956[1]

SUBJECT

U.S.-Netherlands Relations following Secretary's Trip to Djakarta

PARTICIPANTS

The Secretary
Dr. J.H. van Roijen, Netherlands Ambassador
Baron S.G.M. van Voorst tot Voorst, Minister, Netherlands Embassy
Mr. Livingston T. Merchant, EUR
Mr. John Wesley Jones, WE

The Netherlands Ambassador called today at the Secretary's request to discuss the latter's recent trip to the Far East and more specifically to Djakarta. The Ambassador complimented the Secretary on his appearance after such a strenuous trip to the Middle and Far East.

[1]Source: Department of State, Central Files, 611.56/4–256. Confidential. Drafted by Jones. The initials JFD appear on the source text, although not in Dulles' handwriting, indicating the Secretary's approval.

The Secretary agreed that it had been strenuous and he added, jokingly, that he understood the Netherlands Ambassador felt that he had not adequately done his homework, particularly with respect to his visit to Indonesia. The Secretary went on to say that his visit to Djakarta had coincided with important political developments there and with the conclusion of negotiations which had been going on for some time for the granting of some $96 million worth of surplus agriculture commodities under the PL 480 program. He could say in confidence that the coincidence of these several events had had a favorable and positive effect on the formation of the new Indonesian Government, to the exclusion of any Communist participation therein. He felt that this was a favorable development of great significance not only to the United States but to the Netherlands as well and to the position of the West in general. The internal political situation in Indonesia had given us more concern than any other of the newly formed Far Eastern states and we had, until that time, greatly feared Communist participation in the new Government with its fatal effect upon key ministries and the stability of the entire Government. When one went to these countries in an official capacity one had to make flattering and generous remarks. It was not possible to adopt a lecturing or admonitory tone in public press statements or communiqués. In response to a comment from the Netherlands Ambassador the Secretary agreed that what could not be said in public could often be said very effectively in private. He went on to say that we very often spoke in private to our friends on such occasions and that that was one of the advantages of inviting a man like Sukarno to the United States; that on the occasion of his visit opportunity would be made to say many things to him in private which would be helpful to the position of the West.

The Ambassador replied that he wished first of all to make the position of his Government clear with respect to the various measures which the United States Government had taken and was taking to strengthen the democratic elements in the Indonesian Government and to keep the new Republic outside the Communist orbit, either Russian or Chinese. His Government did feel, however, that the effect of the Secretary's trip to Djakarta, at least in the reaction of the public in the Netherlands and in Indonesia, had been to give unreserved approval to all of the actions of the Indonesian Government to date, including the violation of the sanctity of treaties and of human rights as demonstrated by its unilateral abrogation of the Roundtable Conference agreements and by its irresponsible prosecution of the Dutch subject, Leon Jungschlaeger. The Netherlands Government felt that it was not incompatible with a sympathetic and friendly interest in the young Indonesian Republic that the United States speak a word of warning on issues of general international importance where the behavior of the Indonesian Government left something to be desired. The Ambassador expressed the view that

any other course merely encouraged the young Republic in its course of improper conduct internationally and in fact detracted from the standing and prestige of the United States among Indonesian leaders. The Ambassador went on to say that the sentiment of the Netherlands cabinet was that the Netherlands had not been treated as an ally might expect in the circumstances and that it had been given little consideration in United States relations. In this connection, he added, his Government felt that it might have expected to have been consulted on the invitation to President Sukarno as the British Government had done before the Indonesian Foreign Minister was invited to London several months ago or as the Canadian and Australian Governments had done before issuing invitations to Sukarno to visit in those countries. This expectation he explained was not based on any desire to approve or disapprove but rather to have an opportunity to express its views on developments that closely affected it.

The Secretary said that the world wide situation was extremely complicated and that the United States had tremendous responsibilities and interests which required constant cultivation and development. Many decisions and actions had to be taken promptly without the possibility of consultation with all interested parties. The United States had something like 42 allies and if we were unable to move ahead in the conduct of our foreign affairs without thorough consultation with all of those interested we would find ourselves in an impossibly inflexible mold and find the implementation of our policy at a standstill. The Secretary went on to say that he was perfectly willing to admit that the implementation of our foreign policy was not always perfect; that because we were human beings mistakes were made; that perhaps he should have consulted with the Dutch before going to Djakarta; that he did not have the benefit of all of his advisors on this trip and that certain decisions along the way had to be made at the time opportunities presented themselves. For example, while there had been thought given to the matter there had not been any final decision to invite Sukarno to the United States;[2] that he was in Djakarta for only one day; that during the course of his visit with the President of Indonesia, the latter had said that he would like to visit the United States but that he could not do so without an invitation; the Secretary immediately responded "You now have one". He went on to explain to the Netherlands Ambassador that this seemed to be the only possible response in the circumstances; that any useful effect which the visit might ultimately produce would have been vitiated had he replied otherwise. The Secretary added that there were constant instances in our own Government

[2]In an earlier draft of this page, attached to the source text, this phrase reads: "For example, there had not been any pre-decision to invite Sukarno to the United States;" the words "while there had been thought given to the matter" and "final" were inserted in Dulles' handwriting.

where thorough clearances among U.S. Government agencies were overlooked or rendered impossible by time or other factors. He felt that his record in pursuit of the objectives of Western policy, which were also those of the Netherlands Government, was sufficiently clear that he might be entitled to confidence and understanding from the governments to which we were allied.

In response to the Ambassador's reference to the Jungschlaeger case the Secretary said unhappily there were many instances of the miscarriage of justice around the world; that the Chinese Communists were holding Americans under intolerable conditions and trumped up charges; that when he went to Korea the government there complained to him about the detention of Koreans in Japan and when he went to Japan the Japanese Government complained to him about the continued detention of Japanese fishermen in Korea; and that even right here in our own United States we had the problem of adequate defense and proper trial of Negroes in some of the Southern States. The Federal Government did not feel that it would be helpful to intervene in these cases affecting legal processes of some states of our own Union and in the light of this it was not practical for the United States to set itself up as an arbitrator in the many miscarriages of justice which unhappily existed in the world today. The Ambassador replied that, in his opinion, the interest of the United States in the Jungschlaeger case went beyond the more general aspects of human rights and miscarriage of justice to a more specific issue, namely, that, as part of the evidence of the public prosecution against Jungschlaeger, a U.S. Embassy plane, piloted by a U.S. official named Kennedy,[3] had been implicated. The Ambassador went on to say that, while the U.S. Embassy had sometime ago publicly denied these allegations, it had not done so since the prosecution had used this false evidence in its summation which ended in a request for the death penalty. This curious silence on our part was another factor which led the Dutch Government to feel that we did not have a sufficient concern over Dutch interests in Indonesia or an adequate understanding of what was necessary to maintain U.S. prestige in the oriental mind. The Secretary replied that he was unaware of the prosecution evidence involving the U.S. Embassy and of our action to correct this error. Mr. Merchant confirmed the Ambassador's understanding that the Embassy had made one public denial when the testimony was given in the first instance.

The Secretary concluded the interview by saying that at no time during his visit to Indonesia had he been conscious of working against Dutch interests; that he had been pleased with the results of

[3]When this allegation was first made, the Embassy commented in telegram 1039 from Djakarta, December 31, 1954, that a check of Naval Attaché files revealed no employee by that name. (Department of State, Central Files, 756D.00/12–3154)

his visit there and that no one could have been more surprised than he when, subsequently, he discovered the violent reaction of the Dutch Government and people to his visit and to related developments. He said that he hoped that the Ambassador would convey these views to his Government and would add that he felt that in the long run it would be recognized that his visit had proven beneficial for all of us.

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149. Editorial Note

At a meeting of the National Security Council on April 5, Allen Dulles commented as follows on developments in Indonesia:

"Mr. Dulles next turned to the situation in Indonesia. He pointed out that while the new Cabinet was moderate in composition, the program that it was adopting was extremely nationalist as well as socialist in character.

"At this point the President interrupted Mr. Dulles and said he wished to put a question to him. Supposing Mr. Dulles were a government leader in Indonesia. How could he avoid creating either a socialist or a dictatorial regime in such a country? There was obviously no basis in Indonesia, said the President, for a free private enterprise economy such as that of the United States. Countries like Indonesia were too immature politically to be able to build up our kind of a system. Such immature countries required a strong centralized government. In point of fact, added the President, the United States would be better off if France, for instance, had a strongly centralized national government. Accordingly, said the President, he did not worry unnecessarily about Indonesia's adoption of the socialist route.

"Secretary Humphrey pointed out that there was a world of difference between a socialist system and a dictatorship. Personally, he added, he very much preferred dictatorship over the socialist system because at least, in his opinion, dictatorships got things done. The President merely reiterated his belief that in countries such as Indonesia, some kind of strong leadership was required. It was plain silly to suppose that an economy of the U.S. type could be made applicable to all the other nations in the world." (Memorandum of discussion by Gleason, April 6; Eisenhower Library, Whitman File, NSC Records)

Later during the same meeting, the Council noted and briefly discussed an Operations Coordinating Board Progress Report on Indonesia (NSC 5518) dated March 26, which reported developments concerning Indonesia between May 16, 1955, and March 22, 1956. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series) According to Gleason's memorandum, the only discussion pertaining to the report was a question by the President as to whether or not Indonesia normally imported foodstuffs and the reply that Indonesia normally purchased rice from both Burma and Thailand.

150. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, April 7, 1956—2 p.m.

1622. I was requested to call this morning on Secretary General Van Tuyll[2] to receive Dutch Government's reaction to Secretary's talk with Van Roijen. Van Tuyll said report of discussion had been discussed at cabinet meeting and he was instructed tell me Dutch Government was not satisfied with several aspects. Dutch Government was not convinced that Secretary's failure to raise Jungschlager case and unilateral Indonesia abrogation of treaties was in fact a "neutral" attitude. It believed, on the contrary, this omission was in fact taking the Indonesian side. Dutch emphasize RTC treaties had been negotiated under UN and US auspices and we had played a large part in its conclusion. To raise no objection to its unilateral abrogation was, in Dutch view, not "neutral". Similarly, failure to mention outrageous Jungschlager case was likewise not neutral but in effect tacit approval justifying Indonesian action.

Van Tuyll said furthermore that Dutch Government did not agree with Secretary's view that he did world a great service by his visit to Indonesia by influencing formation of new government without Communist participation. In chronological outline he said Dutch had expected as far back as October that new government would consist of PNI, NU, and Masjumi without Communist inclusion. Ali had been appointed formateur March 8 and already political discussion made it clear those three parties would be in government. As early as March 6 Communist Central Committee had issued statement that if new government's program was satisfactory they would not insist on having ministers in cabinet. This, said Van Tuyll, was clear indication that Communists did not expect to be in government. Secretary's visit to Djakarta took place March 12 and 13. Government list was presented to press afternoon March 16, its composition was in accord with expectations. The danger of Communist inclusion therefore only arose when Soekarno said he would consult PNI, NU, and PSI, and only after their expression of satisfaction did he accept that government. Therefore, said Van Tuyll, danger Communist participation arose after Secretary's visit and not before. I promptly pointed out that estimate of influence of Secretary's remarks on Soekarno was clearly a matter of opinion; that it could well be argued his talks had weighed much in the balance with Soekarno. He agreed.

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[1]Source: Department of State, Central Files, 656.56D13/4–756. Confidential.
[2]Baron van Tuyll, Secretary-General of the Netherlands Foreign Ministry.

Van Tuyll, with some embarrassment, said he had also been instructed to remind me of Dutch attitude in the Oatis case[3] where they had supported United States for nearly three years in preventing Czech overflights of Dutch territory.

In conclusion Van Tuyll said he was instructed to make two requests: First, Dutch Government hoped Secretary, in carrying out his promise to Van Roijen[4] to talk with Soekarno during latter's visit to US re Jungschlager case and Indonesia's unilateral treaty abrogation, would do so in "forceful" terms. Second request was that flightlogs of United States aircraft be put at disposal of Jungschlager's defense. He said Secretary's statement in April 3 press conference that no United States aircraft were involved was useful but was not sufficient for legal requirements of defense. He ended by saying that while Dutch Government was not satisfied with results of talk with Secretary they felt no useful purpose would be served by sending any "notes". He agreed with me fact that Secretary took initiative in calling in Van Roijen was evidence United States interest in good United States-Dutch relations and therefore helpful.

I was, unfortunately, at disadvantage during interview since memo of Secretary's conversation referred to Deptel 1646 April 2[5] has not yet been received and I had no idea what had or had not been said.

Matthews

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[3]For documentation relating to the case of William N. Oatis, an American journalist convicted on charges of espionage by a Czech court on July 4, 1951, see *Foreign Relations*, 1951, vol. IV, Part 2, pp. 1277–1436, *passim*, and *ibid.*, 1952–1954, vol. VIII, pp. 1–79, *passim*.

[4]Telegram 1688 to The Hague, April 10, noted that this reference appeared to be a Dutch inference from the Secretary's "less specific statement" and quoted part of the last sentence of the first paragraph of Document 148. (Department of State, Central Files, 656.56D13/4–756)

[5]Telegram 1646 informed Matthews of Dulles' conversation with van Roijen and suggested that he talk to Luns along similar lines following receipt of a copy of that memorandum of conversation. (*Ibid.*, 611.00/4–256)

151. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 18, 1956—4 p.m.

2541. Reference: Deptel 1860.[2] Last September Foreign Minister previous Government told me officially Indonesia was prepared in principle request United States economic assistance and asked what steps government should take (Embtel 633, September 13[3]). Department s reply (Deptel 511) was given government through Dr. Utoyo Ramelan on September 30 (Embtel 787[4]). Since then signature PL 480 agreement is in fact partial fulfillment Indonesian economic aid requirements. No further approaches have been made by Indonesian Government, however, on additional economic aid nor have discussions along lines paragraph 3 Deptel 511 taken place, apparently because Indonesians not clear amount aid they desire. Postponement discussions may have resulted also from desire former government await outcome national elections, establishment new government based on elected parliament, and from delay adoption 5-year plan.

Recent developments however would seem indicate that subject may be raised by present government. Prime Minister Ali in April 9 policy statement to Parliament referred specifically to United States aid and welcomed economic assistance from whatever source (Embtel 2451[5]). Planning Minister Djuanda has also recently intimated in conversations with USOM director[6] government's intention request aid from United States in implementation 5-year plan which is expected to be considered by Parliament shortly. Indo press has discussed probability approach by Djuanda during Sukarno's trip to United States to Ex-Im and World Banks on funding Indonesian 5-year plan. As a result of recent Soviet offer (Embtel 2450[7]) press has also been carrying on active discussions re need economic aid and sources from such aid may be expected.

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[1]Source: Department of State, Central Files, 856D.00/4–1856. Secret; Priority.

[2]Telegram 1860 to Djakarta, April 12, stated that it was U.S. policy to help Indonesia solve its economic problems and counter attempted Communist economic penetration by being prepared to provide economic assistance, when requested, for programs that would serve those purposes and when conditions were favorable. The telegram requested the Embassy's estimate of present conditions. (*Ibid.*, 856D.00/4–1056)

[3]See footnote 2, Document 116.

[4]See *ibid.* and footnote 3 thereto.

[5]Telegram 2451 from Djakarta, April 10, reported Ali's statement. (Department of State, Central Files, 656.56D13/4–1056)

[6]James C. Baird, Jr.

[7]Telegram 2450 from Djakarta, April 10, reported that the Soviet Ambassador to Indonesia announced that day that he had submitted a proposal for Soviet economic aid to the Indonesian Government. (Department of State, Central Files, 856D.00/4–1056)

In view above I believe it likely Indo Government may soon approach US again on economic aid. There have also been reports that President Sukarno may raise question during his forthcoming trip to United States. Although in my opinion we should not allow ourselves be placed in position of creating impression that because of Soviet offer we now ready extend economic aid Indonesia or that we prepared outbid Soviets I believe it would be wise if we were fully prepared for prompt action if approached. We should assume that general request has been tabled and replied to affirmatively and that matters for discussion are those listed [third?] paragraph Deptel 511. Should Djuanda or others in Sukarno group during latter's forthcoming visit be prepared speak in specific terms on kind and magnitude aid desired, we should give consideration to jointly announcing decisions reached during or at end Sukarno visit. (This would give him some bacon to bring home compensating for inability obtain United States support Irian question.)

I am seeing Prime Minister Friday[8] morning for first official call since he assumed office. It is possible he may raise subject economic aid with me. On other hand should he not, it may be desirable for me, referring to our discussions with previous government and current public discussions of subject, to leave with him impression that whenever Indonesian Government wishes we are prepared proceed to explore informally Indo economic requirements in line with Deptel 511, and our statements to Utoyo Ramelan last September (Embtel 787). Would appreciate Department's instructions what line I should take with Prime Minister when I see him.[9]

Cumming

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[8]April 20.

[9]Telegram 1921 to Djakarta, April 19, instructed Cumming to tell Ali, if the latter raised the question of economic aid, that the United States was willing to explore Indonesian aid requirements informally and sympathetically and recommended that Cumming should not take the initiative in raising the issue, since Ali appeared to be aware of the U.S. position. It stated further that U.S. policy was to keep state visits disassociated from any extension of economic aid and therefore no announcement of aid could be made during or as a result of the Sukarno visit, but U.S. representatives would be willing to discuss the Indonesian economic situation informally at that time with Djuanda or other Indonesian representatives. (Department of State, Central Files, 856D.00/4–1956) Telegram 2580 from Djakarta, April 21, reported that Ali told Cumming that morning that he would like to discuss the general subject of economic aid at a future date and that Cumming had replied that he would be glad to explore the subject with him informally and sympathetically. (*Ibid.*, 856D.00/4–2156)

152. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Assistant Secretary of State for European Affairs (Merchant)[1]

Washington, April 25, 1956.

DEAR LIVIE: Walter has left with me your memorandum of April 19,[2] on the Sukarno visit.

Given their current sensitivity, I believe we must anticipate that Sukarno will say some things during his visit which may raise Dutch hackles. He can hardly avoid references to "colonialism", "struggle for independence", "colonial past", "liberation from colonial domination", and the part the United States played in assisting Indonesia to gain its independence. At the same time, I agree that an emotional espousal of the Indonesian West New Guinea claim or an outright attack on the Netherlands from a forum provided by our Government would be most unfortunate. I am attaching a telegram to Hugh asking for his views on this subject.[3]

I feel personally that it is very unlikely that Sukarno would thus abuse his position as a guest of the United States. The Indonesians are an extremely courteous, considerate people, and I believe that Sukarno would be most careful in avoiding any public statement which would embarrass his hosts.

Bill

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[1]Source: Department of State, Central Files, 033.56D56/4–2556. Secret.

[2]Merchant's memorandum of April 19 to Robertson stated that he was looking forward to Sukarno's visit "with some nervousness" because of Dutch sensitivities and that he hoped Sukarno could be persuaded to avoid the subject of New Guinea in any public statements. In that regard, he suggested that Cumming might give Sukarno a discreet warning. (*Ibid.*, 756D.11/4–1956)

[3]Not attached to the source text; presumably telegram 1990 to Djakarta, April 27, not printed. (*Ibid.*, 756D.11/4–2756) A note on the source text in Merchant's handwriting thanked Sebald and said that he had initialed the cable and sent it out. Cumming replied to telegram 1990 in telegram 2731 from Djakarta, May 4, that although Sukarno's actions are often unpredictable, "I do not believe that he will embarrass United States by attacking its allies from public forums provided by United States as his host, although he may mildly chide the United State for over-concern with Europe as compared to Asia." (*Ibid.*, 756D.11/5–456)

153. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 1, 1956—2 p.m.

2691. Deptel 1589.[2] I regret that during preparation for Secretary's visit to Djakarta reference telegram was inexplicably misfiled and not brought to my attention or as far as can be ascertained to attention of any Embassy officer. It has only just come to light. However, my reply as of mid-March would have been that in view of then pending change of government it would be best to postpone reply until composition of new Cabinet was known and its political orientation could be assessed with some degree of accuracy.

This contemplated situation has now come about. New Cabinet now a reality and broadly based on non and anti-Communist parties; it has recently received unanimous approval of first Indonesian elected Parliament to go ahead with its program; and this approval apparently has backing of country as a whole since reports from many sources, including biased Dutch High Commissioners, indicate widespread feeling of calm confidence in and approval of Cabinet (notwithstanding continued security programs in chronically disaffected areas of Sbatjava, Atjeh and South Sulawesi). Price of gold has dropped in terms of rupiah which has appreciably hardened on free market. First Deputy Prime Minister Roem[3] told me last week that Sumitro's fiscal policies have support of NU and right-wing PNI (they already had Masjumi support) and will be continued at least for present. Moreover Prime Minister Ali so far has lived up to expectations and is proving to be different man than the Ali of the Ali–Arifin Cabinet. Evidence of this can be found, inter alia, in his remarkably friendly overtures to me personally and to United States generally as evidenced by his address to American Association (mytel 2674[4]). All of foregoing must be read against background of fine impression made on President Sukarno and Ali by Secretary Dulles; by reactions in limited circles with which he came in contact to Admiral Burke's visit[5] (mytel 2641 re conversations with Foreign Minister[6]);

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[1]Source: Department of State, Central Files, 756D.5/5–156. Secret; Priority; Limited Distribution.

[2]Document 142.

[3]Mohammad Roem.

[4]Reference is presumably to telegram 2669 from Djakarta, April 27, which reported that Ali had been the guest of honor at a dinner of the American Association. (Department of State, Central Files, 611.56D/4–2756) Telegram 2674 from Djakarta, April 28, concerns an unrelated matter. (*Ibid.*, 756D.00/4–2856)

[5]Admiral Arleigh A. Burke, Chief of U.S. Naval Operations, visited Indonesia April 26–27.

[6]Telegram 2641 from Djakarta, April 26, transmitted a press report of Admiral Burke's visit, which stated that Burke, together with Cumming, had called on Foreign Minister Roeslan Abdulgani.

and above all by ponderable and imponderable reactions in broad Indonesian political circles to President Sukarno's forthcoming visit to United States.

To sum up present Cabinet appears to be here to stay at least for a longer rather than a shorter period and within framework of "active independent foreign policy" apparently will not lean so heavily away from United States as did Ali–Arifin Cabinet but will even try to warm up relationship with us.

I therefore still favor giving sympathetic attention to Indonesian requests for military equipment if made. However, I do not believe Indonesians prepared give us assurances required under Section 106 MSA even though they may be unilateral. Department will remember that in connection with Indo effort purchase sonar equipment purchase fell through because Indo unwillingness make unilateral declaration although no mention made MSA (Embassy despatch 230 October 12,[7] Department's A–83 October 24[8]). I believe therefore that consideration should be given seek presidential determination for funds under Section 401 MSA. Considerations last paragraph mytel 1312 still apply.[9]

Despite foregoing paragraph I feel that I must enter one caveat: Overtures on which mytel 1312 were based were made during previous Cabinet's tenure. . . . It is quite possible that this has been due to failure to receive any positive reaction from outside. On other hand, original plans may either have run into one of political road blocks so usual in these matters in Indonesia, or may have been put on ice pending formation present Cabinet; they may even have been postponed to have been brought up in some way in connection with Sukarno's visit United States.

There are at least three ways in which we could take sounding to determine whether plans are still alive and at least tacit support present Cabinet or its inner circle.

1. We could send back through channels through which approaches first made a guarded expression of interest together with request for information re present status, i.e. amounts involved, etc.

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[7]Despatch 230 from Djakarta, October 12, 1955, reported that the Chief of Staff for Operations of the Indonesian Navy had told the U.S. Naval Attaché that the Indonesian Government would be unable to buy U.S. sonar equipment because it was unwilling to sign an agreement giving assurances as required by the Mutual Security Act. (Department of State, Central Files, 756D.56/10–1255)

[8]Airgram 83 to Djakarta, October 24, 1955, pointed out to the Embassy that Indonesian purchase of the sonar equipment would not require the signature of an agreement, but only a unilateral declaration by Indonesia of the assurances embodied in Section 106 of the Mutual Security Act. (*Ibid.*, 756D.56/10–1255)

[9]See footnote 5, Document 130.

2. I could pick up abortive conversations which I had with Ali in 1954[10] with a view to eliciting his present views on acceptance of United States military assistance without strings.

3. We could follow up Indonesian Military Attaché's approach re Nasution going to United States with Sukarno (Deptel 1762[11]) extending an invitation to Nasution to visit United States some time after Sukarno visit. Perhaps this last course of action would best be preceded by prompt action along lines my first suggestion above. . . .

Cumming

[10]In a conversation with Cumming on April 6, 1954, Ali had expressed interest in Indonesian employment of U.S. military instructors; see Galbraith's memorandum to Bonsal, April 8, 1954, *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 416.

[11]Telegram 1762 to Djakarta, March 30, reported that the Indonesian Military Attaché in Washington had informed the Department of Defense that Nasution wanted to visit the United States either with Sukarno or separately and requested Cumming's views as to the desirability and timing of such a visit. (Department of State, Central Files, 756D.5811/3–3056)

154. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarata, May 4, 1956—8 p.m.

2757. Reference: Deptel 1955 repeated The Hague 1788.[2] Consensus here is that in suspending loan payments Indonesia not originally motivated by desire test world opinion although some subsequent press comment assuring public that world will approve has probably given some officials the idea. Immediate motivation believed frustration and pique resulting from outcome Geneva negotiations as well as desire Government to produce something domestically popular.

In recent conversation with Roem, First Deputy PM, he told me that there is disagreement within Government on issue with Masjumi

[1]Source: Department of State, Central Files, 856.10/5–456. Confidential. Repeated to The Hague.

[2]Telegram 1955 to Djakarta, April 24, reported that on April 20 Ambassador van Roijen had requested U.S. support for a Dutch appeal to the U.N. Commission for Indonesia, which the Netherlands Government was considering making if Indonesia remained in default on an April 1 interest payment on a 1937 loan to the Netherlands-Indies (one of the debts assumed by Indonesia under the Round Table Conference Agreement in 1949). The telegram requested the Embassy's estimate of the likelihood of Indonesian renunciation of its loan obligations to the Netherlands and its views of van Roijen's thesis that the current suspension of payments was designed to test world opinion. (*Ibid.*, 856.10/4–2456)

favoring resumption of payments while others had varying approaches to problem. He said that the usually moderate Sumitro's support of cancellation debts was being used by more radical elements in cabinet in support their position. Final decision still requires some time (Embtel 2747[3]). Dutch here say their latest information is that matter will be solved in "weeks not months". In light my conversation Roem and statement made to me by President Sukarno (Embtel 1946[4]) and by other officials I believe moderates will win out and that resumption of payments will take place.

I have taken every opportunity in conversations with Government officials and others since suspension of payments known tactfully to express my personal opinion that Indonesian action might have unforeseen repercussions and might adversely affect Indonesia credit abroad. I realize of course that my personal observations are somewhat contradicted by the strengthening of the rupiah on the curb market and recent lowering of the price of gold in terms of the rupiah. I have definite impression, however, that my comments behind the scenes have had some effect. I believe any other approach by us at this time would be unproductive and since there are no American bondholders affected any formal approach to Indonesian Government might be misunderstood. There are influential Indonesians in and outside Government circles whose efforts to correct this ill advised action and counteract radicalism would be seriously compromised if we took any formal action.

I must warn Department that Dutch knowledge of what I have done would undoubtedly leak and nullify even my limited effectiveness in this as in other behind the scenes activities of mine.

Cumming

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[3]Telegram 2747 from Djakarta, May 4, reported a conversation with the Director of the Bank of Indonesia, who stated, inter alia, that the question of the debts assumed under the Round Table Conference Agreement was under study by a commission. (*Ibid.*, 398.14/5–456)

[4]Document 138.

155. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 11, 1956—noon.

2836. Joint Embassy/USOM message. Deptel 1997.[2] I believe present political situation provides possibility for major constructive developments, including long-needed fiscal reform which previous government planned but unable carry through owing interim status. With present coalition giving indications of stability and political climate as favorable as could be expected, I consider present propitious for considering aid to Indonesia beyond present level technical assistance and PL 480.

With current Soviet bloc aid offers apparently still in somewhat nebulous state and awaiting concrete proposals from Indonesia, prompt indication of forthcoming assistance from US in reasonable amount should help those forces in government seeking limit or neutralize Soviet bloc efforts. No doubt some Soviet bloc aid will be accepted, as it was before present Soviet economic offensive apparent (e.g. East German credits for Jogjakarta sugar mill), but I do not feel our hesitation likely reduce such aid or in long run lessen likelihood competition with Soviet offers.

As indicated my telegram 2747[3] Indonesia has already taken initiative in instructing bank information representative approach Exim Bank on medium term credits and requesting information report IBRD mission to Indonesia last June.

Difficult recommend amount of development assistance since until we in position to negotiate with Indonesians efforts to devise program remain somewhat theoretical exercise. Much also depends on willingness Exim Bank and IBRD extend assistance. Toica A–403 October 28, 1955,[4] submitting narrative presentation USOM FY 1957 illustrative program, includes rationale for level of development assistance aid. Considering some dollar back-stopping of PL 480 counterpart required, Embassy and USOM have reached tentative conclusion that Indonesian requests of approximately $35 million for FY 1957 excluding Exim and IBRD requests would not be unreasonable and could be used as basis for discussions.

Cumming

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[1]Source: Department of State, Central Files, 856D.00/5–1156. Secret.

[2]Telegram 1997 to Djakarta, April 27, stated that before detailed consideration could be given to an increase in economic aid to Indonesia, a policy determination that "conditions are favorable" was required and it requested the Embassy's views on this matter. (*Ibid.*, 856D.00/4–1856)

[3]See footnote 3, *supra*.

[4]Not further identified.

156. Memorandum of a Conversation, Department of State, Washington, May 11, 1956[1]

SUBJECT

Netherlands-Indonesian Relations

PARTICIPANTS

The Secretary
The Netherlands Ambassador, Dr. J.H. van Roijen
Baron S.G.M. van Voorst, Minister of the Netherlands Embassy
WE—Mr. William R. Tyler

[Here follows a brief discussion relating to the Ministerial meeting of the North Atlantic Council held in Paris May 4–5.]

Ambassador van Roijen broached the subject of Netherlands relations with Indonesia. He stressed the importance which his Government attaches to the establishment of good and normal relations. He said that this was of great importance not only to the Netherlands itself but also to the West in general, since he felt convinced that if Indonesia and the Netherlands were on bad terms, this would poison the general attitude of Indonesia toward the whole of the West. As a practical step toward the normalization of relations, the Netherlands Government had moved in the direction of the setting up of Embassies between the two countries. Moreover, it had done this at the suggestion of the Indonesian Government. Now, and apparently for no valid reason, the Indonesian Government had become evasive on this point and had rebuffed the Netherlands Government. However, the latter would continue to take every measure it could to create mutual understanding and confidence with Indonesia. Moreover, it fully understood and supported the Secretary's efforts to create friendly feelings between Indonesia and the United States during his recent trip to Indonesia. The Ambassador said that the forthcoming visit to the United States of President Sukarno provided an opportunity to make further progress in this direction. The Netherlands Government hoped that the Secretary might find it possible to talk to Sukarno about the importance and desirability of improving and maintaining good relations with the Netherlands which was in turn anxious to reciprocate. The Ambassador said that there had recently been several moves by the Indonesian Government which were not conducive to the improvement of relations, such as the unilateral abrogation of the Union Treaty, the suspension of payments on various financial obligations assumed by the Indonesians at the Round Table Conference and of pensions for which they were also

[1]Source: Department of State, Central Files, 656.56D/5–1156. Confidential. Drafted by Tyler.

responsible. These moves, said the Ambassador, might be described as trial balloons by the Indonesian Government to see to what extent the West would be prepared to accept such measures without reacting. The Netherlands Government felt that if the Indonesian Government were able to get away with defaulting on its obligations, this lesson would not be lost on other governments in that general part of the world and that the effect of this would be felt by many other countries in the West.

The Secretary observed at this point that after the United States won its independence from the British there was considerable controversy on the subject of various states debts outstanding and owing to the British, and what should be done or not done by each state to redeem its debts. The Secretary recalled that many pronouncements had been made by American political leaders at the time, such as Washington, Franklin, and Jefferson, and that since President Sukarno often referred to names and facts of early American history, it would be useful to see what statements existed which might be relevant to the subject of integrity in financial matters.

The Ambassador went on to say that there was evidence that the present attitude of the Indonesian Government was largely the result of the personal influence of President Sukarno. Moreover, it seemed that he now wanted to go back to the date of August 17, 1945 as the moment when Indonesia became an independent country. The Ambassador said that while the first declaration of Indonesian independence had been made on that date, this was at a time when Indonesia and the Netherlands were practically in a state of war. Thus, not only would this be an inauspicious move psychologically for the improvement of relations with the Netherlands, but it might mean that Indonesia intended to renounce all obligations incurred with the Netherlands after that date.

The Ambassador ended by saying that he had not brought up the subject of Western New Guinea, because he was aware that the U.S. Government position was to maintain a strict neutrality, and that while the Netherlands Government wished that the United States could back it up, it nevertheless accepted the U.S. position.

The Secretary thanked the Netherlands Ambassador and said that we would do whatever we can in order to be helpful.

157. Memorandum From the Secretary of State to the President[1]

Washington, May 14, 1956.

SUBJECT

Attitudes of President Sukarno of Indonesia[2]

President Sukarno, who has great personal charm and a keen sense of domestic politics, has been the leader of his country for 10 years. He refers constantly to "colonialism" and nationalism where Indonesian foreign relations are concerned. Dutch continued control of West New Guinea (West Irian to the Indonesians) is the focal point of his charge that colonialism persists in Indonesia. It in turn provides the fulcrum for nationalistic tendencies in domestic politics and economic attitudes.

We have maintained an attitude of neutrality on the substance of the New Guinea issue while we encourage the interested parties themselves to get together on it. I believe we must maintain this attitude. However, I noted to President Sukarno in Djakarta that we have an understanding of the problems of newly-independent countries, having fought for our own independence and assisted, since that time, other peoples who could achieve and maintain their independence. We have done that in the case of 18 nations since World War II.

There have been continuing irritants in Dutch-Indonesian relations since Indonesia declared its independence on August 17, 1945 and since it finally gained it on December 27, 1949. Most recently these have involved delayed and lengthy trials of Dutch nationals charged with subversion. Also following an abortive meeting to revise the Round Table Conference Agreement (the Agreement which was to have guided Indonesian-Dutch relations after independence), the Indonesians unilaterally abrogated th Agreement.

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[1]Source: Eisenhower Library, Whitman File, International Series. Confidential.

[2]President Sukarno arrived in Washington on May 16, for a 3-day State visit, following which he made a 14-day tour of the United States. He met with President Eisenhower at a White House luncheon given in his honor on May 16 and at a dinner that he gave in honor of President and Mrs. Eisenhower on May 18; no record has been found in Department of State files of the conversation on either of these occasions. According to telegram 1964 to The Hague, May 22 (Department of State, Central Files, 656.56D13/5–2256), the only substantive meeting during Sukarno's visit in Washington was a May 17 discussion between Secretary Dulles and Foreign Minister Roeslan Abdulgani; see *infra*. The texts of statements by Vice President Nixon and President Sukarno on the latter's arrival in Washington, remarks by Eisenhower and Sukarno at the White House luncheon on May 16, and addresses by Sukarno before a joint meeting of Congress on May 17 and before the National Press Club on May 18 are printed in Department of State *Bulletin*, June 4, 1956, pp. 927–939. Further documentation relating to Sukarno's visit is in Department of State, Central File 756D.11 and *ibid.*, Conference Files: Lot 62 D 181, CF 709.

The Indonesian Government has not made a final decision as to that part of the Agreement dealing with debts assumed on taking over sovereignty. The Dutch fear they will renounce these debts. Ambassador Cumming believes that eventually the moderates will win out and that resumption of payments will take place. I shall[3] use this opportunity with Sukarno to attempt to ameliorate the differences between the Dutch and the Indonesians.

President Sukarno, as you noted to the American Society of Newspaper Editors on April 21,[4] referred to Paul Revere to dramatize the community of feeling about independence on the occasion of opening the Asian-African Conference at Bandung on April 18, 1955. He will undoubtedly make further mention to you of his admiration of the principles of American leaders for he has often, at home, cited Lincoln, Jefferson, Washington and others. To encourage moderation in Indonesian attitudes on colonialism and nationalism, I suggest that you might also describe the accomplishments of our earlier statesmen who exercised their influence to bring about a moderate attitude, and ultimately most friendly relations, with the British.

JFD

[3]The memorandum originally read "I should use." In the source text, the typed word "should" was crossed out, and the handwritten word "shall" was written in the margin. The change was presumably made by Dulles, although the handwriting is not recognizably his. A copy of this memorandum, attached to a May 14 memorandum from Sebald to Dulles, reads "I should use." (*Ibid.*)

[4]For text, see Department of State *Bulletin*, April 30, 1956, pp. 699–706.

158. Memorandum of a Conversation, Department of State, Washington, May 17, 1956[1]

SUBJECT

U.S.-Indonesian Relations

PARTICIPANTS

Roeslan Abdulgani, Indonesian Foreign Minister
Moekarto Notowidigdo, Indonesian Ambassador
The Secretary
Walter S. Robertson, Assistant Secretary for FE
Hugh S. Cumming, American Ambassador to Indonesia
James D. Bell, Director for SPA[2]

[1]Source: Department of State, Central Files, 611.56D/5–1756. Secret. Drafted by Bell.

[2]On April 1, the Office of Philippine and Southeast Asian Affairs was replaced by the Offices of Southeast Asian Affairs and Southwest Pacific Affairs.

Mr. Robertson and Ambassador Cumming briefly told the Indonesian Foreign Minister and Ambassador Mukarto of the excellent impression being made by President Sukarno, and particularly referred to his talks at the Vice President's dinner May 16 and before Congress May 17.

Foreign Minister Abdulgani stated that he would like to stress details "of the general picture" and said that his country hoped, now that the general elections were over, to normalize their relations with the Dutch and the Japanese. He pointed out that these relations also have an effect on Indonesian-U.S. relations. He stated that the Indonesians had negotiated many times with the Dutch and had failed to reach any agreement. As a result the Indonesian Parliament had unanimously voted to abrogate all the round-table agreements with the Dutch including the financial and economic accords and the transfer of sovereignty agreement. He stated that this action would not affect third parties but that it would eliminate the special position, the preferences, which the Dutch now enjoy.

With respect to West Irian the Foreign Minister said that his country considered the area to be "an essential part" of Indonesia and the question should be essentially a colonial issue. Aside from the fact that all Indonesians wished the return to Indonesia of an area considered to be an integral part of the Republic, Indonesian military people considered the area to be important to Indonesia's security—that its retention by the Dutch constituted a threat to Indonesia. Moreover, he thought that the West Irian area was of importance to the U.S. since in addition to our defense arrangements in the Far East through alliances, he felt that our position would be strengthened by having a friendly and peaceful Indonesia behind our defense lines. Abdulgani said that he was, of course, aware of our policy but that now with the elections over and the major parties united in a stable coalition, he hoped very much that we could "be more than neutral".

Speaking of Japan the Foreign Minister pointed to the suffering the Indonesians had undergone during the occupation. Despite this, he said that during the Asian-African Conference an attempt was made to bring Japan into the picture and assure greater cooperation with the Japanese.

Mr. Abdulgani said that he hoped the U.S. would give its attention to the question of reparations. He referred to previous discussions with the Japanese on this matter and mentioned an interim agreement which provides for salvage of sunken vessels. He stated

that the Japanese had made an offer of $250 million, which the Indonesians found completely unacceptable. He indicated that he hoped to have sympathetic United States cooperation in reaching an agreement with the Japanese.

Mr. Abdulgani stated that now the Indonesian elections are over the time had come to develop a more solid basis for long-term U.S.-Indonesian relations.

The Foreign Minister said his Government had developed a five-year economic plan which he fully expected to be endorsed by the Indonesian Parliament and which would require from 11 to 12 billion rupiahs, which he estimated at about one billion dollars.

Referring to the exchange of persons program the Foreign Minister stated that the present program was producing good results and that he hoped we would be able to produce even better results in the future. He expressed the hope that the exchange of teachers and students could be balanced with more emphasis on exchange of persons in technical fields and that exchanges could be on a longer-term basis. He suggested the desirability of making full courses for technical training available. It was his belief that greater technical assistance, meaning availability of technical training, would be of great mutual benefit. Subsequently, referring to "scientific help", he said that rather than get into the field of atomic reactors, etc., Indonesia would like to have U.S. technical aid to explore the availability of atomic raw material. He apparently was interested in a team that would conduct a geological survey in the hope of locating uranium.

Ambassador Cumming pointed out that the situation with respect to the exchange program could be improved if agreement were reached on a Fulbright program for Indonesia. The Foreign Minister was not informed on this subject but indicated he would discuss it further with Ambassador Cumming.

The Secretary stated that the problems between Indonesia and the Netherlands presented great difficulties for us as we were friends of both countries. He recalled the role the United States played in Indonesian struggle for independence. He referred briefly to some of the problems that arose from our struggle with the British for independence and pointed out that they were the same type that Indonesia now faces. He recalled that Washington, Franklin and Adams had advocated a policy of moderation and that although we never paid all of the British claims against us in full, we did pay 65 to 75 per cent and that many of our greatest leaders had urged complete payment.

Referring to the general atmosphere surrounding Indonesian-Dutch relations the Secretary said that a great improvement could be achieved if the Indonesians could stop the trials of Dutchmen now under indictment in Djakarta. He pointed out that these trials made

the Dutch extremely angry. He referred to attacks on him by the Dutch Press for his statements in Djakarta. The Secretary said that although he had no knowledge of the merits of the case of the Dutchmen, in the interest of improving relations and influencing world opinion, it would be wise to be magnanimous. He stated that he was fully aware that it was not proper for one government to interfere in the internal affairs of another and that he had no intention of doing so, but that Indonesian action to eliminate this source of irritation would be an act of statesmanship.

With respect to West Irian the Secretary said that we would continue to adhere to our policy of not taking sides. He stated that in our view the legal case is not clear and the moral case is not clear. The inhabitants are not of the same race as the Indonesians, and from their standpoint the choice appeared to be between Dutch or Indonesian Colonialism. He said that it was our belief that the inhabitants of West Irian had not developed sufficiently to enjoy self-rule and that they were not ready for self-government or independence. The Secretary did not feel that he would be justified in expressing an opinion on the merits of the case. He did, however, say that our policy in this respect was more unsatisfactory from the Dutch view than it was from the Indonesian.

The Secretary pointed out that we have encouraged and will continue to encourage the Japanese to restore normal relations with the Indonesians by a proper settlement of the reparations issue. He told the Foreign Minister that Indonesia must take into consideration that the Japanese economy is not strong and that it would not be easy for them to undertake large payments. He said that the United States in effect has supported Japan for the last 10 years. The Secretary pointed to his experiences working on reparations at the Versailles Conference in 1919. He stated that the exaggerated settlements which the allies attempted to extract from Germany had a great deal to do with the rise of Hitler and World War II. He said that in the negotiation of the Japanese Peace Treaty[3] he had tried to avoid the mistakes made at Versailles. He felt that the Indonesians should be aware of the necessity for keeping their demands within reasonable limits. Now that a Philippine settlement[4] had been reached the Secretary thought an agreement with Indonesia would be possible and that we were prepared to do what we could to promote good will by Japan with respect to an Indonesian settlement.

The Secretary said he fully realized the necessity for Japan to develop stronger economic and commercial relations with Southeast

[3]Signed at San Francisco on September 8, 1951; for text, see 3 UST (pt. 3) 3169.

[4]For text of an agreement on reparations between Japan and the Philippines, signed at Manila on May 9, 1956, see 285 UNTS 3.

Asia. He expressed the view that it was a mistake to believe that Japanese trade with Mainland China had ever been of great significance except when Japan controlled Manchuria. He also pointed out that trading with Communist countries had almost never proved beneficial, due in part to state control of all trade.

Mr. Robertson urged the Indonesians to take into consideration the Japanese capacity to pay in any reparations discussions.

The Secretary said he believed the Foreign Minister was correct in stating that exchange of persons on a long-term basis would be preferable to the present system of four-month tours by leaders or one-year grants to students.

The Secretary said that we had been discussing with the British limited rubber shipments to Communist China, particularly from Malaya and Ceylon. He said that if anything were done in this respect he would want Indonesia to be in as good a position as Malaya.

In answer to a question by Mr. Robertson, the Foreign Minister said that Indonesia had a rubber surplus but he subsequently said that they sold on the world market almost their entire production last year. The Foreign Minister asked if the rumor in Djakarta that the United States was going to put a large part of its rubber stockpile on the market were true. Mr. Bell said that no decision to this effect had been taken.

Mr. Robertson stated that we had information that Communist China had about all the rubber it needed and that it would be a mistake to believe that opening up the Chinese Communist market would solve all the problems of rubber. He pointed out that some of the rubber which the Chinese Communists had obtained from Ceylon had been shipped to Czechoslovakia. The Foreign Minister said that his information was to the contrary and that the Chinese Communists had indicated to the Indonesian Government that they were very anxious to get rubber—that they need more than they now get. He said they wanted an appreciable amount of small-holder (low grade) rubber.

Referring to the trials of Dutch citizens in Djakarta, the Foreign Minister said that the situation was complicated because of the difficulties with respect to Darul Islam. He stated that there were direct connections with the Darul Islam movement and the trials. He pointed out that the Moslem Parties were cooperating with the PNI in a campaign to crack down on Darul Islam. He also pointed out that the matter of the Dutch defendants was already in the hands of the court. Ambassador Mukarto said that while the Indonesians have given the Dutch defendants a fair trial the Dutch had not given a fair trial to Indonesians arrested in West Irian.

Ambassador Cumming stated that even American newspapermen most sympathetic to Indonesia had remarked on the desirability of

the Indonesians doing something about the trials because of the bad atmosphere they created. He said that even speeding up the trials would be of some help. The Foreign Minister said that this would be done in the case of the Schmidt trial.

Mr. Robertson stated that some years ago during the period when Sunario was Foreign Minister, we had discussed with the Indonesians the desirability of negotiating a treaty of Friendship, Commerce, and Navigation. Although we had initially received a favorable response we have heard nothing more of the proposal. The Foreign Minister was not familiar with this matter and made no comment.

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159. Memorandum of a Conversation Between Foreign Minister Abdulgani and the Ambassador to Indonesia (Cumming) Salt Lake City, Utah, June 3, 1956[1]

SUBJECT

Summary of Final Conversation Between Indonesia Foreign Minister and Ambassador Cumming

Yesterday morning at Salt Lake City, Roeslan Abdulgani, the Indonesian Minister for Foreign Affairs, sought me out. He said that by that time I must have realized that the United States had made a fine impression on President Sukarno. This was evidenced not only by conversations which I had had with the President alone, but also by conversations with the Foreign Minister and other conversations with the President at which the Foreign Minister had been present. Roeslan Abdulgani then said that his and my job was now "to bring down to earth in practical form the various public statements which the President had made on a high plane." He said he could not engage in any formal discussions or negotiations until after he had returned to Djakarta and had reported to the Cabinet, but in the meantime he hoped the State Department could be preparing studies on the following matters:

1. *Treaty of Friendship, Commerce and Navigation*

The Foreign Minister suggested that the State Department review and revise, if necessary, the previous documentation of this subject which had been given to the Indonesian Foreign Office over two years ago.[2] He thought that as soon as possible we should

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[1]Source: Department of State, Central Files, 611.56D/6–456. Secret. Drafted by Cumming on June 4.

[2]See footnote 3, Document 107.

resume discussions on the subject, perhaps informally, and go ahead as rapidly as circumstances permit. He agreed with my suggestion that even if discussions ran into difficulties both sides should try not to let them lapse but to continue discussions "even if they took many months" so as to prevent a formal failure of negotiations, compromising Indonesian-U.S. relations.

2. *Fulbright Agreement*[3]

Roeslan Abdulgani suggested that I be prepared after his return to Djakarta to present him, informally, with a draft agreement together with exploratory material and other necessary documentation. He said in the meantime he would also ask Ambassador Moekarto to look into the subject.[4]

3. *Economic Aid*

Reiterating that he could not commit his Government until after he had reported to the Cabinet, Roeslan Abdulgani suggested that I be prepared to come up with specific suggestions as to what the United States Government might be able to do to assist in the development of the Indonesian five-year plan. He thought it would be helpful if we could make specific suggestions as to types of projects, together with cost estimates which might be appropriate for financial assistance under the Mutual Security Program. He expressed some interest in the private investment guarantee provisions of the Mutual Security Act and expressed the personal hope that some implementation of these provisions could be worked out with regard to Indonesia. (My feeling was that he mentioned this more as a sop to my frequently expressed views on the subject rather than as a concrete proposal.)

During this conversation and subsequent conversations on the subject of economic aid, the Foreign Minister obliquely indicated that in effect what he was suggesting was that the United States informally present what might become the Indonesian desiderata during any discussions of economic aid that might develop.

4. *Improvement of Relations Between the United States and Indonesia*

Roeslan Abdulgani said that he thought this would be an opportune time for the State Department to survey the whole range of U.S.-Indonesian relationships, with a view to coming up with concrete suggestions as to what might be done to consolidate what he felt were the very real gains to both Indonesia and the United States, occurring from President Sukarno's visit. He added smilingly that our

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[3]Reference is to an agreement for educational exchange under Public Law 584 (60 Stat. 754).

[4]Negotiations on this subject were not initiated during 1955–1957. Documentation concerning the U.S. educational exchange program in Indonesia is in Department of State, Central File 511.56D.

suggestions would have to fall within the framework of Indonesia's "active, independent foreign policy."

5. *Miscellaneous Observations*

(a) On the subject of economic aid, the Foreign Minister said he planned to set up a separate committee to handle the details of this subject and would appoint Mr. Thajeb[5] as chairman.

(b) On numerous occasions President Sukarno expressed to me his enthusiastic approval of everything he had seen in the United States. Pointing this up he said he had made the definite decision to send his son, Guntur, to college in the United States and had already discussed possibilities with Ambassador Moekarto. In this connection he expressed the hope that he could return in 1957 or 1958 as a private visitor with a minimum of formality in order to travel through the country and see things for himself that necessarily could not be seen during a formal State visit.

Note: During part of my conversation with the Foreign Minister the President was present as he had been on a number of other occasions when he suggested that I talk to the Foreign Minister in his presence but without the President's participation so that he could observe the "constitutional amenities." I am satisfied, however, that all of the Foreign Minister's conversations with me, as I have reported, received the prior approval of the President. The Foreign Minister did tell me that his conversation with me had previously been discussed by him with the politicians included in the President's party[6] and had received their informal approval.

Before leaving the Foreign Minister at Niagara Falls on the evening of June 3, Roeslan Abdulgani said that he would telegraph a summary of our conversation to Subandrio, Acting Secretary General of the Foreign Office. He added that he had also informed Ambassador Moekarto of the substance.

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[5]Ismael M. Thajeb.

[6]A list of the members of Sukarno's party is in Department of State *Bulletin,* June 4, 1956, p. 939.

160. Memorandum of a Conversation, Between Foreign Minister Abdulgani and the Ambassador to Indonesia (Cumming), Salt Lake City, Utah, June 3, 1956[1]

SUBJECT

Military Equipment

During our conversation in Salt Lake City, reported in a summary memorandum of conversation dated June 4, 1956,[2] Foreign Minister Roeslan Abdulgani raised the subject of government-to-government supply of arms and other military equipment.

The Foreign Minister requested that I be prepared to let him know *informally* after his and my return to Djakarta what, *in principle,* the United States might be able to do with regard to the supply of arms and other military equipment to the Indonesian Government on a government-to-government basis. He stressed that at this time he only wanted to know what was possible *in principle* under our laws and what the general attitude would be; that subject to the nature of our reply and "other considerations" further conversations possibly might then proceed. The Foreign Minister strongly hinted that he was aware that some discussions on this subject had already taken place between Indonesians (he specifically mentioned the Indonesian Military Attaché in Washington) and American officials and stressed very emphatically his desire "that future confusion be avoided" through stopping all conversations on the subject except such as might take place between him and me within the framework of a possible government-to-government arrangement. He was equally emphatic in saying that he was opposed to any arrangement for acquisition of arms and military equipment on a commercial basis, commenting meaningfully that such proposals as might have been made were not approved by the Indonesian Government and would not be approved since they were designed to profit "certain political groups in Indonesia." During this and further conversations which I had with the Foreign Minister I asked him if he was thinking of any particular types of arms and equipment or of any specific quantities or dollar values, since I felt that his views on these points might have a bearing on such reply as I might be authorized by my Government to make to his initiative. He asked me if I had read the abortive Cochran–Subardjo agreement[3] and when I said I had not he said that a reading of this agreement might be suggestive. He did not elaborate. He then referred to the equipment we gave some years ago to

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[1]Source: Department of State, Central Files, 756D.56/6–456. Secret. Drafted by Cumming on June 4.

[2]*Supra.*

[3]Reference is to the agreement of January 5, 1952; see footnote 7, Document 116.

the Indonesian Mobile Brigade and said that that type of equipment was along the lines that he had in mind. He said that while details would have to await my reply to his question and subsequent recommendations of the Indonesian military authorities, he could say that generally speaking he had in mind small arms including small automatic weapons and light field guns and ammunition and spare parts therefor; communications equipment (field type); personnel carriers and light armored vehicles suitable to the Indonesian terrain; and perhaps other forms of transport, including trucks. He referred specifically to the interest displayed by Indonesian military officers accompanying the Presidential party in the howitzers which they had seen dropped at Fort Bragg. He also indicated an interest in the current Indonesian Air Force negotiations for SA–16 Grumman Albatrosses (U.S. Navy designation UF–1) and light reconnaissance planes for army use. In an effort to find out the dollar figure the Foreign Minister might have in mind I asked him whether he was thinking of five million, 10 million, 15 million or 20 million dollars. He replied somewhat vaguely that his mind leaned toward the latter figure but he could not be specific at the time of speaking.

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161. Memorandum of a Conversation, Department of State, Washington, June 28, 1956[1]

SUBJECT

Dutch Request for U.S. Support on Indonesian Problems

PARTICIPANTS

Dr. J.H. van Roijen, Netherlands Ambassador
Baron S.G.M. van Voorst, Minister, Netherlands Embassy
Mr. Robert D. Murphy, Deputy Under-Secretary
Mr. John Wesley Jones, WE

The Netherlands Ambassador called this morning at our request to receive a reply to a series of Dutch requests over the past weeks asking for U.S. support on various matters at issue between the Dutch and the Indonesians. In response to Mr. Murphy's inquiry regarding the Ambassador's summer plans, Dr. van Roijen said that he was leaving Washington this evening and would sail tomorrow on the *New Amsterdam* for Holland. He will return to Washington mid-September.

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[1]Source: Department of State, Central Files, 756D.00/6–2856. Confidential. Drafted by Jones. The source text bears Murphy's initials, indicating his approval.

Mr. Murphy expressed his concern at what appeared to be a general and profound misunderstanding at The Hague of the U.S. position with respect to various Dutch problems and a growing attitude that the United States was not sufficiently active or sympathetic toward the problems of her Dutch ally. The Deputy Under-Secretary referred specifically to the recent report from The Hague that Foreign Minister Luns had given credibility to an alleged remark by a Departmental officer expressing pleasure at the prospect that Luns would no longer be Foreign Minister. Mr. Murphy went on to say that, as the Ambassador knew, this report was without any foundation and in fact quite contrary to the general esteem in which Mr. Luns was held. More disturbing than the report itself was the fact that the Netherlands Foreign Minister gave this rumor credence. Dr. van Roijen replied that, with respect to this particular incident, there was nothing in the Embassy's reporting to The Hague which reflected in the slightest degree the expression of such sentiment by any State Department Officer. He went on to say, however, that the sensitivity of the Dutch Government at this time was the result of a succession of developments in our relations with the Netherlands Government which have had accumulative effect. The result has been to make his Government feel that happy relations with the Netherlands were not important to the United States; that Holland could be taken for granted; that she was a staunch little ally that could always be depended upon to do the right thing at the right time anyway; that she had no effective means of retaliation and that the United States need give her scant regard.

The Ambassador referred to the question of the Dutch prisoners in Indonesia as one of the issues which had most profoundly touched Dutch emotions and which had apparently drawn little response from the U.S. Government. The British Government, the Pakistan Government and even the Indian Government had made informal representations to the Indonesian Government in support of the Dutch position. The American Embassy at Djakarta had, however, only after considerable prodding from the Department, sent a representative to the trials of the late Mr. Jungschlager,[2] although several other Western Embassies were regularly represented at the trials. Even when the American Embassy did finally send a representative he usually made himself as inconspicuous as possible, sitting at the back and slipping in and out of the Jungschlager trials while the other Western representatives usually placed themselves well up in front. The American attitude in this instance naturally was not considered by the Netherlands Government to have given any great support to their position which was to assure that the Indonesian Gov-

[2]Jungschläger died of a heart attack in April while awaiting the verdict in his trial.

ernment and court were aware of the interest of the Netherlands' allies. Mr. Murphy replied that Mr. Cumming, our Ambassador at Djakarta, was, after all, on a spot, and had done what he felt would be most productive on behalf of the Dutch prisoners; that he had always felt, and so reported, that going beyond a certain degree of activity on behalf of the Dutch prisoners would be counterproductive and possibly even harmful to the prisoners themselves. Mr. Murphy admitted that this was, of course, a question of judgment but that we felt that we must be governed by the judgment of our representative on the spot. Mr. Murphy then reviewed the various steps which we had already taken on behalf of the Netherlands with respect to its subjects on trial in Indonesia, namely, several conversations which the American Ambassador had had with appropriate authorities in Indonesia, two or three conversations which he (Mr. Murphy) had had with the Indonesian Ambassador in Washington and finally the Secretary's reference to this problem in his conversation with the Indonesian Foreign Minister during President Sukarno's visit to Washington. Mr. Murphy said that he would very much hope that the Ambassador, upon his return to The Hague, would make an effort to explain to all levels of the Netherlands Government the U.S. position of sympathy and understanding for the Netherlands in its relations with Indonesia and our sincere desire to do what we could to help. Mr. Murphy then asked the Ambassador whether he had any suggestions regarding where we might be helpful.

[Here follows a paragraph concerning United State-Netherlands negotiations for a civil aviation agreement.]

Mr. Murphy handed the Ambassador an aide-mémoire (copy attached)[3] which he said expressed the Department's views on various of the questions which the Ambassador had raised with the Department recently on the Netherlands relations with the Republic of Indonesia. After reading the aide-mémoire the Ambassador said that it was his impression that President Sukarno would return to Indonesia, following his world tour, with increased prestige and would report to his Government that he had not encountered any significant disapproval of their position of default on their obligations to the Netherlands Government. Regarding the problem of West New Guinea he also suspected that Sukarno would indicate, upon his return to Djakarta, that the neutral position of the United States was only provisional; that while it was apparent that the United States could not change its position at the present time because of its relations with

[3]The aide-mémoire, dated June 28, not printed, replied to van Roijen's April 20 request (described in footnote 2, Document 154), to requests of April 30 and May 1 by van Roijen for U.S. intervention on behalf of Dutch prisoners in Indonesia, and to his May 11 conversation with Dulles (see Document 156). (Department of State, Central Files, 656.56D/4–2056)

the Netherlands, he would imply that we would eventually swing around to a position in support of Indonesia's claim to West New Guinea. He added that this alleged uncertainty regarding our position on this issue had already been conveyed to the French Ambassador at Djakarta during a recent call at the Indonesian Foreign Ministry. Dr. van Roijen assured Mr. Murphy that any doubt about the U.S. position on West New Guinea was not shared by the Dutch Government.

At this point the Ambassador took his leave and Mr. Murphy wished him a pleasant trip and holiday in the Netherlands this summer.

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162. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, June 29, 1956—7 p.m.

3325. Subject: Economic Aid. Since return Djakarta I have felt uncomfortable about situation which seems be developing here with regard economic aid with possibility that we may be maneuvered into awkward position: On one hand, local press and conversations with individual Indonesians are replete with news or rumors Soviet bloc economic aid offers. Czech credit agreement, Soviet, East German and Rumanian credit offers and proposed July visit Soviet trade mission all receiving heavy publicity and subject considerable comment, much of which considers such offers welcome and acceptable in principle.

On other hand, although piecemeal approaches have been made to Baird on individual projects and we know Indonesians planning explore near future possibility increased Export Import Bank credits (my telegram 2836[2]), there is general unawareness here that I told Prime Minister as long ago as April 21 (my telegram 2580[3]) we stand ready informally explore general subject economic aid any time Indonesians ready. For example, during conversation with Foreign Minister at Salt Lake City June 3 when he raised question of economic aid he was not aware until I told him that with approval of my Government I had already made Ali offer to discuss.

Although I have in mind and generally agree with Department's desire preserve tactical advantage by not taking any initiative in rais-

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[1]Source: Department of State, Central Files, 856D.00/6–295. Secret.
[2]Document 155.
[3]See footnote 9, Document 151.

ing issue of economic aid (second paragraph Deptel 1921[4]) and am of course aware Washington legislative situation, I am concerned lest inactivity our side as well as Indonesian side in face Soviet aggressiveness jockey us into very position which I believe we should try avoid, namely, that of competing with Soviet bloc offers. Accordingly, during my call on Prime Minister June 26 I raised question indirectly by relating to him my conversation with Foreign Minister at Salt Lake City of which I knew through Subandrio he already aware. I was struck by his complete silence on this subject as well as to my efforts draw some comment from him on rumors of Soviet aid offers. Yesterday during conversation with Vice President he mentioned his "fear" that Soviets "were about to make" extensive aid offers which Indonesians would find tempting. He mentioned especially fields of communications including road construction. I took opportunity tell him of above-mentioned conversation with Ali. Hatta did not give me any further information regarding Soviet offer but attached considerable importance to Ali's failure follow up my offer of April 21 and said he would look into this next week after Sukarno returns.

While I wish avoid indicating to Indonesian Government officials undue interest in or concern regarding Soviet bloc activities in direction economic aid lest I arouse their blackmailing instincts, I thought it wise suggest to Baird that he seek early interview with Djuanda and if Djuanda gives him opening perhaps through further piecemeal approaches on individual projects, he mention my previous offer to Ali discuss aid informally in effort to obtain some insight into reasons for publicly expressed official interest in Soviet offers coupled with lack of response privately to our offers. While of course there have been some rumors of American aid offers (my telegram 3277[5]), these rumors do not approach in volume stories of Soviet bloc offers.

Cumming

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[4]See *ibid.*

[5]Telegram 3277 from Djakarta, June 26, quoted a press report from Washington that U.S. economic aid to Indonesia would total $35 million during the coming fiscal year. (Department of State, Central Files, 756D.5–MSP/6–2656)

163. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, June 30, 1956—2 p.m.

3327. Our basic target in inviting Sukarno for US visit was impressed on mind President, who perhaps more than any other single individual has power effect general orientation Indonesian politics and policy, integrity, continuity and purpose of US world policy (Embassy telegram 2804[2]). Result for better or worse can only be judged in preliminary way at present: Own belief, gathered from him and members his party during 17 day trip is that we have succeeded. Ambassador Merchant reported (Ottawa's telegram 448 to Department[3]) that Sukarno's preconceived ideas on materialism US culture and militaristic overtones underwent substantial revision as result visit. Likewise Subandrio's statement (Embassy telegram 3275[4]) based on reports presumably from Abdulgani further evidence favorable effects have been produced. But even with these reports it still too early make definite judgment. President has yet return to Djakarta; we may get some indication his thinking from speeches which he will make between early July and his departure some weeks later for USSR–China trip.[5] But I am inclined believe he will confine his remarks to platitudes emphasizing what he told west and claiming greater understanding for Indonesia in particular and Asia in general at least in those countries in which he paid official calls. What is vitally important is what he does and how he acts in long run.

There are certain ancillary effects which visit produced: Its effect on members presidential party and its impact on articulate political opinion here. Until we have had chance talk with returning members official and unofficial parties we can assume that most if not all members party are coming back to Indonesia with greater under-

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[1]Source: Department of State, Central Files, 756D.11/6–3056. Secret.

[2]Telegram 2804 from Djakarta, May 8, stressed Sukarno's importance in Indonesian politics and declared, "If we impress him favorably and convince him that one of our basic objectives is a democratic, economically viable, politically stable Indonesia whose independent active foreign policy we respect and can live with, we can materially increase chances of attainment of US policy objectives in Indonesia." (*Ibid.*, 756D.11/5–856)

[3]Telegram 448 from Ottawa, June 6, not printed. (*Ibid.*, 756D.11/6–656) Sukarno visited Canada and Western Europe after his tour of the United States.

[4]Telegram 3275 from Djakarta, June 26, reported that Subandrio told Cumming that Sukarno had been concerned that while in the United States he would be subjected to pressure because of his policy of neutrality and that he had been surprised and favorably influenced by the fact that this had not happened. Cumming reported that Subandrio said this was of great importance "not only to furtherance of good United States-Indo relationships but also towards eventual enlistment Sukarno's powerful influence on side Indonesia non and anti-Communist forces." (*Ibid.*, 756D.11/6–2656)

[5]Sukarno visited the Soviet Union, the People's Republic of China, and several Eastern European countries between late August and mid-October 1956.

standing and presumably appreciation of US than they possessed when they departed. Size of party President insisted on bringing may have resulted in some bent noses from lack of attention and may detract slightly from general beneficial effect but still leaving large plus value.

Second plus value acquired was publicity which local press gave President and incidentally US by extensive coverage his trip. As reported in almost daily telegrams, presidential US reception and activities dominated all papers for more than three weeks and heavy (coverage) still continuing although now confined mostly to pictures. USIS whose output accounted for vast bulk of coverage also uncovered some new techniques which hitherto have not been available. Further benefit can be expected from exhibition of trip movies which will be running for probably next year here giving tremendous audience first hand view of US in more accurate version than is usually given movie-goers this country. However, there has been certain unhappiness noted in Masjumi leaders that trip with PNI President and PNI Foreign Minister gave us false impression of importance that party and concomitantly an underestimation of place Masjumi which both Natsir and Hanifah chidingly told us "after all are true friends". I believe that treatment accorded Sukiman later report [*reported?*] to party on his return will do much straighten out matter. Even if Masjumi does continue rancor a little if our primary purpose accomplished they will come recognize benefit they derived from trip.

US invitation Sukarno logical development last year's elections which revealed PNI as powerful political force, gave NU strategic pivotal position to exploit and showed Masjumi not majority party while PSI reduced to Parliamentary impotence. My conversations with various members Presidential party including President and Foreign Minister as well as Sukiman indicated almost pathological hatred Socialists. Given present dispensation Parliament as reflective balance current political forces country I believe we should, therefore, continue shift weight Embassy focus from contacts with Socialists and Masjumi toward NU and PNI although relations with latter group developing reasonably satisfactorily. In making this recommendation I do not wish imply that we should abandon PSI or contract out of our relations with Masjumi rather we must now balance our relationships with all parties with exception PKI so that we are able exert our influence regardless what shifts power may take place within non-Communist grouping. Final or even semi-permanent form Indonesian political life has not yet emerged. As previously reported I regard elections as simply providing clarification Indonesian political situation as election results indicated number possibilities of political manipulation and change. We should proceed with approach which will not greatly inhibit our maneuverability. Such procedure

illustrated by fact that PNI and NU youth groups proceeding US August prior departure similar Masjumi group later in year. To insure implementation new emphasis, I have established committee senior officers examine principles selection grantees whose recommendations should be forthcoming near future.

While this provides for intermediate future, I am concerned regarding how best take advantage situation between time President's return July 3 and his departure Eastern junket now tentatively set for late summer. I hope have opportunity raise both Fulbright and FCN agreements with Foreign Minister as soon as he is available. This may not be immediately after return as series problems such as appointments Mission Chiefs (Embassy telegram 3163[6]) apparently awaiting his personal attention. Presumably he will accompany President on next trip and in interim will have treat problems arising from Saudi Arabian and Madame Sun visits.[7] I am reporting separately regarding economic aid.[8]

Cumming

[6]Dated June 13, not printed. (Department of State, Central Files, 601.56D00/6–1356)

[7]Madame Sun Yat-sen (Soong Ch'ing-ling), widow of Chinese revolutionary leader Sun Yat-sen and a vice chairman of the Standing Committee of the National People's Congress in the People's Republic of China, visited Indonesia in August 1956. The visit of King Ibn Saud of Saudi Arabia, also scheduled for August, was postponed.

[8]See telegram 3325, *supra*.

164. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, July 3, 1956—7:01 p.m.

15. Urtel 3283.[2] You are authorized discuss informally with Foreign Minister government to government supply arms to Indonesia along following lines:

Existing legislation authorizes sale military equipment materials services provided President has received assurances satisfactory to him that such equipment is for legitimate self defense and would not

[1]Source: Department of State, Central Files, 756D.5–MSP/6–2656. Secret; Limit Distribution. Drafted in SPA; cleared with U/MSA, L, ICA, and the Department of Defense; and approved in FE.

[2]Telegram 3283 from Djakarta, June 26, reported that in a conversation with Cumming that day, Ali confirmed his interest in learning what in principle the United States could do in providing Indonesia with arms and military equipment through sale or otherwise; he was especially interested in the question of terms of payment. (*Ibid.*)

be used for aggression. Under existing policy we also would wish assurance items would not be sold or otherwise disposed of without consent U.S. Assurances this nature have been received from India and other uncommitted countries. Such "assurances" need not be in form bilateral agreement but may be unilateral statement. Payment in dollars may be made either in cash or to partial extent short-term (up to three years) credits depending on stock situation particular items. Detailed information types quantity material desired would be necessary in determining credit terms.

FYI. Existing legislation also authorizes supply of military equipment services without above mentioned assurances and on long-term credit up to $20 million on Presidential determination it important to security U.S. (Section 401 MSA). While we might resort Section 401 for authority should Indo desire long-term credit, believe we should make every effort secure assurances.

Indo Embassy officer has asked to discuss informally government to government supply arms. Will delay meeting until after you have had opportunity discuss with FonMin. End FYI.

Hoover

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165. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, July 23, 1956—7:27 p.m.

130. Your 159, 199.[2] FYI Indonesia has approached Fund for $27.5 million drawing (this equals their recent payment to Fund) plus $50 million standby credit. US Fund Director believes most likely basis agreement in Fund at least for present is total drawing about $55 million rather than $27.5 drawing plus $50 standby. This depends on willingness Indonesia reduce its request from $77.5 million.

Indonesian suspension payments to Netherlands is potentially troublesome question particularly in view Dutch sensitivity. Dutch Executive Director IMF asked Fund urge Executive Director for Indonesia make statement clarifying status Indonesian suspension payments under RTC. Because Fund management unwilling do this,

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[1]Source: Department of State, Central Files, 856D.10/7–2256. Limited Official Use. Repeated to The Hague. Drafted and approved in OFD and SPA; cleared with WE and, in substance, with the U.S. Executive Director for the IMF, Frank A. Southard.

[2]Telegrams 159 and 199 from Djakarta, July 17 and 22, reported that Indonesia had requested a $50 million loan from the International Monetary Fund. (*Ibid.*, 856D.10/7–1756 and 856D.10/7–2256)

Dutch Director asked his Government authority raise issue forcefully in Executive Board when RI drawing considered. US Director, after consultation Department, informed Indonesian Director July 16 he would be willing support drawing about $55 million but urged him impress upon Indonesian authorities importance their making some kind clarifying statement designed ease tensions this issue.[3] End FYI.

Appreciate any information available but other Embassy action not desired.

Hoover

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[3]On July 31, the IMF Executive Board approved an Indonesian request for a drawing of $55 million after the Indonesian Director stated that his government was giving serious consideration to the question of Indonesian debts to the Netherlands. (Memorandum from George L. West to Elbrick, August 13; *ibid.*, 856D.10/8–1356)

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166. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Acting Secretary of State[1]

Washington, July 27, 1956.

SUBJECT

Indonesia's Request for U.S. Economic Aid

A. Problem:

What action should the U.S. take to meet the Indonesian request for additional U.S. economic assistance?

B. Discussion:

The purpose of this memorandum is to obtain your approval in principle for a larger economic aid program in Indonesia and to initiate action to ensure funds for such a program. (See Tab A for NSC Action.)[2]

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[1]Source: Department of State, Central Files, 756D.5–MSP/7–2756. Secret.

[2]The tabs were not attached to the source text. Tab A presumably quoted paragraphs 17–a and b from NSC 5518 (see Document 95), as did tabs attached to draft memoranda of May 10 and June 13 from Robertson to the Secretary. The draft memoranda recommended providing to Indonesia $30 million in development assistance loans and $5 million in development assistance grants, in addition to $8 million for technical assistance, in fiscal year 1957. Both failed to receive clearance from all the interested bureaus, primarily on the grounds that Congress had not yet appropriated the money to finance such assistance. (Department of State, Central Files, 811.0056D/5–1056 and 811.0056D/6–1356)

Although the Communists were successful in obtaining 16 percent of the vote in the Indonesian election this spring, the picture in Indonesia is more favorable in terms of U.S.-Indonesian relations than it has been for some time. The Indonesian Government, following President Sukarno's visit to the United States, is finally turning to the United States for developmental assistance. The Foreign Minister raised the question of additional U.S. aid with our Ambassador at the end of President Sukarno's visit to the United States, and the Prime Minister followed up this exploratory conversation after Ambassador Cumming's return to Djakarta. (Embtel 41—Tab C.[3]) Our Ambassador has been instructed to delay the negotiations pending Congressional action and determination regarding additional funds for Indonesia. (Deptel 26—Tab D.[4]) President Sukarno will visit the Soviet Union and Communist China in August and we believe it important for the United States to be responsive to Indonesia's request for assistance prior to these visits.

C. Recommendations:

It is recommended that you

1. Approve in principle developmental assistance loans of $25 million for Indonesia during FY 1957 in addition to the present program ($8 million for technical assistance and $4 million for the police and malaria control program) making a total program of $34 million for Indonesia.

2. Sign the attached memorandum to Mr. Hollister (Tab B).[5]

3. Authorize our Mission to commence negotiations with Indonesia as soon as fund availability has been established.[6]

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[3]Telegram 41 from Djakarta, July 5, reported that Ali had expressed interest in discussing with Cumming, at a convenient time, the possibility of U.S. economic aid. (*Ibid.*, 611.56D/7–556)

[4]Telegram 26 to Djakarta, July 5, informed Cumming to continue to express U.S. interest in Indonesian economic aspirations and needs and, for his information only, that every effort was being made to "ensure fund availability and obtain clear-cut decision soonest." (*Ibid.*, 856D.00/7–556)

[5]This memorandum, August 2, from Hoover to Hollister requested the latter's views on the program recommended by Robertson from the economic standpoint and on the possibilities of financing such a program from fiscal year 1957 funds. (*Ibid.*, 756D.5–MSP/8–256)

[6]There is no indication on the source text of Hoover's approval.

167. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 2, 1956—noon.

325. Reference: Deptel 26.[2] Despite favorable treatment US at Semarang (our telegram 289[3]) I feel compelled to share my concern with Department re our vulnerable position in economic area. Slowness of follow-up by Prime Minister and Foreign Minister to my expressions of willingness to discuss enlarged aid program, coupled with RI apparent approval Nasser's nationalization Suez Canal[4] and expected arrival Soviet trade delegation (reported our telegram 320)[5] may well develop trend limiting freedom action we attempting preserve.

Prime Minister has just today asked if I could see him Saturday a.m. August 4. Djuanda is seeing Prime Minister same matter Friday August 3 and I presume purpose is aid. I also plan see President either third or fourth August which may be last opportunity before his departure USSR. Strict adherence your caution of reference telegram this stage may well cause Prime Minister doubt our sincerity extend greater assistance. On other hand, I do not wish to go much beyond this caveat without some assurance that more aid is definitely in cards. I am fully aware of many problems engaging your attention at this time but my hand would be strengthened in both these discussions if Department could give me more definite information re present status additional aid plans.[6]

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[1]Source: Department of State, Central Files, 756D.5–MSP/8–256. Confidential; Priority.

[2]See footnote 4, *supra.*

[3]Telegram 289 from Djakarta, July 30, reported that Sukarno had given a speech the previous day at Semarang that was a "virtual eulogy" of the United States. At its conclusion, he left the rostrum and went into the audience to shake hands with Cumming, who had been invited to attend. The Ambassador commented: "This speech alone would seem justify whole cost Sukarno visit since I believe Semarang remarks give assurance what Sukarno really believes in his heart and represent fixed position to which he will increasingly return." (Department of State, Central Files, 756D.11/7–3056)

[4]On July 26, Egyptian President Nasser ordered the nationalization of the Suez Canal Company; telegram 303 from Djakarta, July 31, reported favorable Indonesian reactions to this. (*Ibid.*, 974.7301/7–3156)

[5]Telegram 320 from Djakarta, August 1, reported that a Soviet trade delegation was scheduled to arrive in Djakarta around August 9. (*Ibid.*, 456D.6141/8–156)

[6]Telegram 197 to Djakarta, August 2, reported that no firm figures were yet available because of Congressional reductions in U.S. aid programs, but added, for Cumming's information only, "There is no doubt more aid definitely in cards but how much more aid still remains to be determined and it would be unfortunate boost Indonesian hopes too high. In addition availability of funds, Sukarno handling of himself in Moscow will be important consideration." (*Ibid.*, 756D.5–MSP/8–256) Telegram 354 from Djakarta, August 4, reported that Ali had raised the subject with Cumming that morning and had referred to press reports that $35 million had been earmarked for Indonesia and that Cumming had replied as instructed. (*Ibid.*, 756D.5–MSP/8–456)

Baird agrees and will try to see Djuanda before my talk with Prime Minister in order probe for indication current Indo Government thinking on aid.

Cumming

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168. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 4, 1956—noon.

355. Mytel 338.[2] Entirely on his own initiative Prime Minister this morning brought up procurement US military equipment, mentioning especially small moth ball patrol type warships. (Second paragraph mytel 3283[3] and last paragraph subparagraph numbered 3 mytel 106[4]). He said Naval Attaché had been most cooperative giving technical advice on availability matériel desired by Indonesian Navy as had other Service Attachés with respect matériel desired by Army and Navy. He said he wanted me to know that all these approaches had been made with his knowledge and approval. Point he wished to mention now, however, was that despite fact his service technicians busy at work compiling list of needs, he felt he was making no progress towards setting in motion machinery for actual procurement and referred to our conversation 26 June reported mytel 3283. I refrained from expressing surprise that Ali apparently unaware my conversation of 12 July with Foreign Minister reported mytel 106 and repeated to Ali appropriate information contained Deptel 15.

Prime Minister expressed great pleasure and asked how we might "make progress" without at this stage engaging in formal negotiations (later in conversation he explained his desire avoid formal

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[1]Source: Department of State, Central Files, 756D.5–MSP/8–456. Secret; Limited Distribution.

[2]Telegram 338 from Djakarta, August 3, reported that since Indonesian military officers were continuing to approach the U.S. service attachés with inquiries about the availability of U.S. military equipment, Cumming had given Air Force Chief of Staff Suryadarma and Admiral Subijakto oral summaries of the first paragraph of telegram 15 to Djakarta, Document 164. (Department of State, Central Files, 756D.5–MSP/8–356)

[3]See footnote 2, Document 164. Ali had specifically mentioned interest in light offshore patrol vessels.

[4]Telegram 106 from Djakarta, July 13, reported that Cumming had discussed the possible supply of U.S. arms to Indonesia with the Foreign Minister, as instructed in telegram 15 to Djakarta, Document 164. (Department of State, Central Files, 756D.5–MSP/7–1356)

negotiation due, first, to prematurity, second, desire avoid arousing suspicions possible Indonesian critics and, third, desire be in position deny negotiations and avoid embarrassment from foreign sources).

I told Ali that in my personal opinion best way would be for Indonesian Army, Navy, Air Force compile list of requirements earliest possible moment even if not in finished form; then for list to be given me informally by Foreign Minister or himself without commitment by either side. I said it would also be helpful if at same time he or Foreign Minister could also tell me that "assurances" required by our legislation could be given by Indonesian Government.

I believe that for first time Prime Minister now understands situation since he expressed great interest in point that assurances need not be in form bilateral agreement and that credit is possible certain conditions. He said he would call service chiefs together as soon as possible and would get in touch with me perhaps after August 17 Independence Day celebrations.

Cumming

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169. National Intelligence Estimate[1]

NIE 65–56 *Washington, August 7, 1956.*

PROBABLE DEVELOPMENTS IN INDONESIA[2]

[Here follows a note concerning distribution of this paper.]

The Problem

To estimate probable developments in Indonesia over the next few years.

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[1]Source: Department of State, INR–NIE Files. Secret.

[2]A note on the cover sheet reads:

"Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

"Concurred in by the Intelligence Advisory Committee on 7 August 1956. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

Conclusions

1. The prospects appear moderately favorable that Indonesia will continue to advance slowly in the direction of a modern democratic state over the next few years. Progress toward defining the permanent structure of the state, creating better educational opportunities, and eliminating illiteracy will probably be made. No dramatically adverse developments are likely, although such problems as reorganization of the armed forces, local armed resistance, and the West Irian issue will remain largely unresolved. The economic situation will continue unstable, but recurring difficulties will not affect the bulk of the population, which remains largely outside the sphere of the money economy. Although some progress may be made, the prospects for rapid economic development under a five year plan now being considered are not promising.

2. The Ali government will probably remain in office at least for the next year. The composition of a successor government will depend on the circumstances leading to the fall of the Ali government and on the position adopted by the Nahdatul Ulama (NU), a conservative Moslem party which has the third largest representation in parliament. A successor government would probably not have PKI (Communist Party) participation.

3. Indonesia will almost certainly continue to maintain what it regards as a balanced position between East and West, although it will probably expand its relations with the Bloc. It will accept economic assistance from both sides, while insisting that it be without strings. The removal of Dutch influence will continue to be the principal immediate objective of Indonesia's foreign policy. Indonesia's recent repudiation of its debt to the Netherlands[3] will almost certainly be followed by continued agitation for Dutch withdrawal from West Irian.

4. The PKI remains potentially a threat to the continuation of a free, democratic Indonesia. The Communists can be expected to exploit the prestige they gained in the 1955 elections. Current Bloc policies, particularly as reflected by cultural and economic ties, will also gradually improve the position of the indigenous Communists. However, any attempt by the Communists to gain power quickly would cause an unfavorable reaction against them, a fact of which they seem to be aware.

[Here follow more detailed discussion of the existing political situation and anticipated developments and an appendix entitled "The Indonesian Economy."]

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[3]Announced on August 4.

170. Telegram From the Embassy in Djakarta to the Department of State[1]

Djakarta, August 10, 1956—5 p.m.

437. Joint Embassy/USOM cable. In meeting with Foreign Minister today he told me that he had asked Djuanda if he in the coming discussions with Soviet trade delegation had blocked out the economic assistance areas that would not encroach upon aid activities that US could do and was interested in. Djuanda replied that he did not know what US was planning to do. He went on to tell Prime Minister that while there had been discussions with Baird he felt that in final analysis Department of State would make decision as to more aid and thus was worried that Ambassador Cumming was apparently shying away from such talks with him. I explained to Foreign Minister relationships and that I was relying on Baird to carry main responsibility of actual detailed economic discussions. Foreign Minister assured me he understood. Against this background Baird now reports that in meeting same hour today with Djuanda and Sponsler,[2] Djuanda reiterated great desire for survey team for urea fertilizer plant and additional cement factory. Then he asked if any money was immediately available to begin road construction Sumatra under present bilateral agreements (presume concern re road construction related to Soviet trade mission). We pointed out DA classification this project requiring loan agreement. He indicated reference Mutual Security Act of 1954, paragraph 2, standard loan agreement would delay agreement to sign even if additional aid agreed to.

Djuanda then set meeting with Baird, Sponsler and Walker[3] for 10:00 a.m. Wednesday, 15, to discuss developmental priorities in government, EX-IM and private sectors.

In view these two conversations, Baird, Sponsler and I:

1. Doubt we can further delay in increasing economic aid to RI until Sukarno returns from iron curtain trip. We may well find ourselves by then in position of competition USSR we attempting to avoid. Recommend immediate favorable decision this matter and authorize me discuss RI.

2. Suggest "appropriate United States legislation" as an acceptable substitute to "Mutual Security Act of 1954" of standard loan agreement.

Cumming

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[1]Source: Department of State, Central Files, 756D.5–MSP/8–1056. Secret; Priority; Limited Distribution.

[2]William A. Sponsler III, Chief of the Indonesia Division of ICA.

[3]George T. Walker of the ICA Mission in Djakarta.

171. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, August 14, 1956—6:23 p.m.

294. Dutch asked Dept August 13[2] make immediate approach Indonesian Government express US disapproval Indonesia's announced repudiation all debts to Dutch assumed at 1949 Round Table Conference. Dutch stated they regarded Indo action as flagrant violation recognized international obligation taken in manner calculated destroy confidence between nations which essential basis international credit system. Dutch set remaining Indo indebtedness to them from loans assumed by Indo Government RTC at roughly 650 million guilders (171 million dollars) figure which corresponds statistics held by Department and IMF.

Dutch also asked Department take such additional measures it believes would be useful deterring Indonesia from further illegal actions. Statement at upcoming IMF Directors Meeting condemning Indonesian debt repudiation cited as example possible such additional measures. Department also asked inform Dutch of actions taken pursuant their requests.

Dutch understood making similar requests simultaneously to all NATO powers plus number Latin and Asian states.

Dept considering Dutch request.

Dulles

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[1]Source: Department of State, Central Files, 856D.10/8–1456. Confidential; Priority. Repeated to Djakarta. Drafted in WE, cleared with SPA, and approved in EUR.

[2]A note dated August 13, presented by the Netherlands Chargé to Acting Assistant Secretary of State Elbrick, is attached to a memorandum of conversation by Bruce M. Lancaster of WE. (*Ibid.*, 856D.10/8–1356)

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172. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 16, 1956—6 p.m.

501. Joint Embassy/USOM message. Reference: Hague's 14, sent Department 248, London 37, Paris 38.[2] Since Hague Embassy's com-

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[1]Source: Department of State, Central Files, 856D.10/8–1656. Secret; Priority. Repeated to London, Paris, and The Hague.

[2]Telegram 248 from The Hague, August 15, commented that any increase in U.S. economic aid to Indonesia, after Indonesia's repudiation of its debt to the Netherlands, would outrage the Netherlands Government and public opinion. (*Ibid.*, 611.56/8–1556)

ment on my limited distribution 437[3] is apparently based on ignorance of situation here in all of its aspects, I assume Department will inform Hague of substance Deptel 26, July 5[4] which I can assure Department is being observed in every respect by Baird and by me.

At same time and admittedly in ignorance myself of entire situation in Netherlands and details of rapid development of events incident to Suez problem, I must repeat considered opinion of all officers of this Embassy and of USOM that aggressiveness of Soviet trade delegation and willingness make firm commitments are making it increasingly difficult for Indonesian moderates to maintain position which will safeguard United States interests. Despite fact that continuance of informal talks here without authority to arrive at anything concrete is handicapping US and may tend to become counterproductive, I believe Baird and I can handle situation for time being. Our recommendation numbered 1 in Embtel 437 must be considered in this light especially as we believe that in general position taken Deptel 26 is sound provided we are prepared to run risk of possible Soviet coup and circumstances do not compel us to delay action too long.

Indonesian action cancellation Dutch debt is indefensible from any standpoint and in my opinion stupid from standpoint Indonesia's own interests but I do not see advantage to anyone but Soviets to inject this Dutch-Indo issue into delicate and complicated Suez canal conference[5] which involves facts as well principles of vital interest to every nation. I suggest linking Indonesian debt action with Nasser's Hitler-like canal action may well distort our perspective and would, to say least, not be effective in accomplishing major objective of United States policy in Indonesia, namely, to keep this country from hands of Communists.

In interest reducing burden on Department's communication system during this crisis I will refrain from further pursuit of this subject unless there should be some new development.

Cumming

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[3]Document 170. The telegram was repeated to The Hague by the Department as telegram 285, August 13. (Department of State, Central Files, 756D.5–MSP/8–1056)

[4]See footnote 4, Document 166.

[5]Reference is to the London Conference on the Suez Canal, August 16–23, 1956. Telegram 248 from The Hague, cited in footnote 2 above, declared that participants in the conference would be bewildered by an increase in U.S. aid to Indonesia at that time.

173. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 18, 1956—1 p.m.

506. Mytel 504 to Department repeated The Hague 14.[2] At Palace dinner last night had long conversation with Prime Minister in very friendly atmosphere. I took advantage his observations on friendly relationships between United States and Indonesia to say I was very sorry Indonesia decided unilaterally repudiate indebtedness to Netherlands. I said in my opinion this action especially as taken so shortly after Nasser's precipitate nationalization of Canal would have very bad effect in United States not only upon those interests having investments in Indonesia but also upon people who were concerned over Nasser's action and other violations of normal international practices. I said in my personal opinion that if press reaction in US had not yet been widespread or marked it was largely due to absorption with Suez Canal question and I would not be surprised if some reaction perhaps even officially would not come about sooner or later.

Ali received my comments quietly but emphasized Indonesian action entirely outcome of whole sad history of Dutch attitude towards Indonesia which had been so completely different from attitude of United States towards the Philippines or British and Pakistan; that there was absolutely no intention of extending this action to other countries and that United States especially need not be concerned about American investments in Indonesia. (Then he observed almost parenthetically that he had been planning soon as he found free moment to call in Stanvac representative to give him some good news—which he did not specify to me—regarding some current discussions in which Stanvac interested).

Ali went on to say he presently preparing note which after examination by Cabinet he proposed send to governments with which Indonesia had diplomatic relations explaining Indonesia's position regarding repudiation Dutch debts and repeating in formal phrases assurances third country interest would be protected.

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[1]Source: Department of State, Central Files, 856D.10/8–1856. Confidential. Repeated to The Hague.

[2]Telegram 504 from Djakarta, August 17, reported Cumming's view that strong U.S. representations concerning Indonesia's repudiation of its debt to the Netherlands would be unproductive and might make the attainment of U.S. policy objectives more difficult. He recommended that U.S. action be limited to an expression of regret at an action contrary to normal international practice that was, in U.S. opinion, likely to harm Indonesia's credit standing and discourage prospective foreign investment. (*Ibid.*, 856D.10/8–1756)

In view this conversation I believe recommendation penultimate sentence mytel 504[3] should be modified. I now suggest it might be useful if Department authorized me call on Prime Minister (presently Acting Foreign Minister) Ali to formalize informal remarks I made to him last night and to do this before his note is despatched. My recommendation is, however, conditioned upon non-notification to Dutch at least at this time as I firmly believe that if Dutch had any inkling that I had made even informal observations and those without instructions that they would be tempted inject matter somehow into Suez Canal discussions thus compromising our position here as well as lending aid and comfort to Soviets.

Cumming

[3]Summarized in footnote 2 above.

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174. Memorandum of a Conversation, London, August 20, 1956, 2 p.m.[1]

USDel/MC/57

PARTICIPANTS

The United States	*The Netherlands*
The Secretary of State	Mr. Luns—The Foreign Minister
Mr. W.R. Tyler	Mr. Stikker—Netherlands Ambassador[2]

SUBJECT DISCUSSED

Request by the Netherlands Government for a Tripartite Démarche to Indonesia on the Subject of Indonesian Repudiation of Debts to the Netherlands

Mr. Luns told the Secretary that he wished to speak about two subjects: (1) the Indonesian repudiation of debts and (2) the Suez Conference. In fact he limited his conversation entirely to the first of these two subjects.

He said that the Indonesian repudiation was closely linked to Nasser's action on the Suez Canal. He summarized the history of the Dutch-Indonesian debt situation, beginning with the arbitration committee under the chairmanship of Ambassador Merle Cochran[3] over

[1]Source: Department of State, Conference Files: Lot 62 D 181, CF 746. Secret. Drafted by W.R. Tyler of WE. The discussion took place at the London Conference on the Suez Canal.

[2]D.U. Stikker, Netherlands Ambassador to the United Kingdom.

[3]H. Merle Cochran served as the U.S. member of the Debt Commission at the Round Table Conference; he was subsequently Ambassador to Indonesia.

five years ago. He said that the lack of Western reaction to the suspension of payments by Indonesia had encouraged Nasser to take action against the Suez Canal Company, and that this in turn had led to the repudiation by the Indonesian Government. He said that unless it was brought home to Indonesia that she must call a halt to actions of this kind, others would follow, and specifically that Indonesia was certainly planning to take over the Dutch Shipping Company. He said that the Indonesians had claimed that the debt amounted to over three billion Guilders, whereas in fact it amounted only to something over 600 million Guilders. They had done this deliberately, said the Foreign Minister, at the same time claiming that the Netherlands in reality owed Indonesia more than three billion Guilders for damage arising from Dutch military operations before the Round Table Conference. Mr. Luns said he was convinced that when the Indonesians take over the Dutch Shipping Company, they will claim that the Dutch in reality owe them more than the company is worth, and will try to offset the value of the shipping company against the debt which they claim is owed them by the Dutch Government. He said that unless something is done now to stop this process of deliberate violation of international agreements, which has no parallel since the repudiation of the Tsarist debts by the Soviet Communist Government, it will be impossible to attempt to provide foreign economic aid to, or investment in Asian countries, and this will result in these countries being subjected to economic chaos and ultimately falling into the neutralist and Communist camp.

Mr. Luns said he had spoken to Mr. Lloyd and M. Pineau[4] to ask them to consent to making a démarche in Djakarta expressing their strong disapproval and concern at the repudiation of the debt. He hoped that the U.S. Government would agree to associate itself with the U.K. and France in such a move. He wished to urge the Secretary to agree to this, not only for the sake of the political and strategic interests of the West in the Pacific, but also for the sake of relations between the Netherlands and the United States. He then summarized the reasons why these relations had deteriorated in recent months and mentioned in particular the adverse effect of the United States attitude toward the Dutch requests in the field of commercial aviation. He said he realized that the primary responsibility in this field lay, not with the Department of State, but with the Civil Aviation Board. However, he said, the Netherlands Government could not but note that it was being denied advantages comparable with those enjoyed by the Belgian and German airlines.

The Secretary commented that he was aware of the misunderstandings which had recently adversely affected U.S.-Netherlands re-

[4]French Foreign Minister Christian Pineau.

lations. However, he wished to stress the importance which we attach to our relations with the Netherlands, and the value we place on our old established friendship. He could not believe that these misunderstandings would permanently affect our relations. The American people, he said, had a deep sympathy for the colonial peoples and for their aspirations, and this feeling tended to encourage the U.S. to help them, even though this might not always be agreeable to others. The United States, he said, attaches great importance to the Pacific area and to the role of Indonesia, which commands communications between several vital areas in Asia. He added that he would be glad to look into the matter which Mr. Luns had brought up and consider whether something could be done.

Mr. Luns returned to the charge, and repeated some of his convictions forcefully. He said that the Indonesians are saying behind our backs that they have the secret support of the United States Government for the action which they had taken; to which the Secretary replied that the Indonesians were saying this only on their own responsibility.

Mr. Luns again urged the Secretary to discuss the proposal which Mr. Luns had made to Mr. Lloyd and M. Pineau, and suggested that the four of them might find a moment to discuss it together. Alternatively, he suggested that perhaps the Secretary could name someone to represent him for further discussion of the step he had proposed.

[Here follows brief discussion of the Suez problem.]

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175. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 22, 1956—8 p.m.

538. Reference: Department telegram 282, repeated information The Hague 330, London 1164.[2] Saw Prime Minister (acting Foreign Minister) this morning and carried out instructions paragraphs 2, 3

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[1]Source: Department of State, Central Files, 856D.10/8–2256. Secret. Repeated to The Hague and London.

[2]Telegram 282 to Djakarta, August 20, instructed Cumming to approach the Acting Foreign Minister, inform him of U.S. concern that Indonesia's repudiation of its debt to the Netherlands might cause adverse consequences in the United States, and reiterate his prior counsel of moderation in approaching Netherlands-Indonesian problems. (*Ibid.*, 856D.10/8–2056)

and 4 reference telegram.[3] In so doing used very much same language reported my telegram 506[4] but stated I was acting under instructions and added point contained paragraph 3 reference telegram. Ali said decision to repudiate was unanimously approved by government parties, including conservative Masjumi, NU, Catholic and Protestant parties as well as PNI, which he said some people might consider leftist party although this not entirely true since Semarang meeting. He said he could understand although not agree with reactions of persons abroad who unfamiliar with whole unhappy history of Indonesia-Dutch relations. Said no one could be sorrier than he that Dutch obstinacy and narrow outlook on world had prevented growth of a Dutch-Indonesian relationship similar to those between British on one hand and Indians, Pakistanis, Burmese and Ceylonese on other hand or between US and Philippines. Wished Dutch interests in Indonesia which understood that present temper Indonesians toward Dutch were outgrowth Dutch errors since 1945 not to mention prewar colonial policy could exercise some influence over Dutch thinking at home. Ali emphasized that US and other third country interests in Indonesia had nothing to worry about and this would be brought out in note (referred to in my telegram 506) still under preparation and which he hoped would be ready for delivery next week. I said that I appreciated his repeated assurances that third country interests would not be affected but said that this did not remove the fact that Indonesian action had been of a type and under circumstances that could give rise to concern abroad that repudiation Dutch debts might be forerunner of further extremist action. Prime Minister said he could understand this concern but repeated government in hands of moderate parties above mentioned all of whom united in attitude towards Dutch but equally united in basically friendly feelings towards US and determination to carry out undertakings leave non-Dutch interests untouched if for no other reason than uphold Indonesia's reputation and credit standing abroad. Ali again stressed that US interests in Indonesia especially oil, "had nothing to fear".

Cumming

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[3]Paragraph 4 is summarized in footnote 2 above. Paragraph 2 reported that the Department had received a number of inquiries from U.S. business and press circles concerning the Indonesian action. Paragraph 3 stated that U.S. business and press interest, as well as the Dutch reaction, might have a bearing on the discussion of economic aid to Indonesia.

[4]Document 173.

176. Telegram From the Embassy in the United Kingdom to the Department of State[1]

London, August 25, 1956—1 p.m.

1077. Luns saw Secretary re Indonesian debt repudiation[2] immediately before Secretary's departure for Washington. Luns pressed for US condemnation in Djakarta of Indonesian action and Secretary gave it as his impression that US has already expressed concern to Indonesians. In response Luns' indication that, if so, Indonesians do not appear to understand or appreciate US attitude, Secretary said if US concern has not in fact already been made known, US will do so. Secretary stressed and Luns agreed that Dutch should give no publicity to US representations and that fact we have or are prepared to make known our concern to Indonesians should be held closely among Luns' cabinet colleagues.

Secretary concurred in Luns' suggestion that Dutch Chargé Washington discuss situation further with Department.[3]

Barbour

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[1]Source: Department of State, Central Files, 856D.10/8–2556. Secret. Repeated to Djakarta and The Hague.

[2]A memorandum of the conversation by Barbour, dated August 24, is *ibid.*, Conference Files: Lot 62 D 181, CF 760.

[3]The Chargé was informed orally on August 27 that Ambassador Cumming had discussed the subject with Prime Minister Ali, but that the Indonesian reaction gave no indication that they were prepared to alter their announced position. (Memorandum of conversation by Lancaster, August 27; *ibid.*, Central Files, 856D.10/8–2756) This information was conveyed formally by a note dated August 31, replying to the Netherlands note of August 13. (*Ibid.*, 856D.10/8–1356)

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177. Memorandum From the Under Secretary of State (Hoover) to the Director of the International Cooperation Administration (Hollister)[1]

Washington, August 31, 1956.

SUBJECT

Indonesian Request for U.S. Economic Assistance

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[1]Source: Department of State, Central Files, 756D.5–MSP/8–1756. Secret.

I refer to my memorandum of August 2, 1956[2] and your reply of August 17, 1956[3] on the subject of the Indonesian request for U.S. economic assistance.

I agree with you that it would be preferable that the Mission be authorized to discuss a "line of credit" of $25 million to be available over a period of more than one year with the understanding that no more than $15 million of this sum will be available for obligation in FY 1957. I would therefore appreciate it if you would establish $15 million as a potential requirement for Indonesia, Development Assistance, for FY 1957. I suggest that, when a decision is made to authorize our Ambassador to make the offer described above and the Ambassador communicates the offer, the $15 million should then be considered as a firm requirement, in addition to the $4 million Development Assistance already agreed upon.

As to the timing of negotiations, the factors listed in the last paragraph of your memorandum will of course be taken into consideration.[4] As soon as we have determined that political circumstances warrant the initiation of substantive discussions with the Indonesians we shall so inform you.

Regarding the amount of Technical Cooperation which you are programming, I believe $7 million is acceptable. I am informed, however, that preliminary discussions with the Indonesian Government on this program have been based on an illustrative $8 million figure presented to the Congress. It may be desirable therefore that, if feasible, we inform the Indonesians of the $7 million total program level in the context of discussions of a larger development assistance program. This would in my opinion minimize the effect on the Indonesians of the cut below $8 million necessitated by Congressional

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[2]See footnote 5, Document 166.

[3]Hollister's memorandum recommended that the U.S. Mission in Djakarta be authorized to discuss a "line of credit" of $25 million to be available over a period of more than 1 year, but that, because of other demands on U.S. aid funds, only $15 million should be made available in fiscal year 1957. It also stated that because of Congressional reductions in Technical Cooperation funds, the ICA was programming $7 million rather than $8 million in this category for Indonesia. (Department of State, Central Files, 756D.5–MSP/8–1756)

[4]The last paragraph reads as follows:

"As to the timing of further discussions with the Indonesians, we will be guided by your instructions. We note from recent cables that the Embassy is concerned by current Soviet activities. On the other hand, Indonesia seems to be supporting Egypt on the Suez Canal issue and, more recently, has officially abrogated its financial settlement with the Netherlands. Furthermore, I believe Sukarno is about to visit Moscow. I am not suggesting that any economic aid to Indonesia be conditioned on a reversal of Indonesian positions on these matters, but I do think that any such aid should not be timed to appear to be rewarding the Indonesians for their actions on them."

action reducing the total Technical Assistance appropriation, and facilitate our Mission's discussions on this matter.

Herbert Hoover, Jr.[5]

[5]Printed from a copy that bears this stamped signature.

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178. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, September 11, 1956—4 p.m.

667. Mytel 355.[2] During call on Prime Minister this morning for maintenance contact Ali on own initiative said he had recently held meeting with Chiefs of Staff as result of which Colonel Hidajat, Secretary General of Ministry of Defense, had been appointed to compile consolidated list of Indonesian military requirements which they wished obtain from US. He said definite decision had been reached that especially Indonesian Army equipment had to be modernized and standardized and that US should be looked to as source of supply because of our technical proficiency, and also of "trust in US motive". Ali mentioned in this connection very favorable impression made upon him by Indonesian Army officers trained in US who had absorbed American standard of professional competency and attitude towards relationships between civil and military authorities. (*Comment:* This is another example of the importance to attainment our objectives in Indonesia of US training of Indo Army, Navy and police officers.)

Ali said assurances required by our legislation (Deptel 15)[3] posed no difficulties on Indonesian side.

He specifically asked (a) that I inform my government of the foregoing, (b) that some Embassy officer—he suggested one of service attachés—be authorized establish contact with Colonel Hidajat of [*for?*] "technical explorations" and (c) that I be authorized discuss with him or Foreign Minister broad questions of government-government arrangements. With reference to (c) he thought that this stage would not be reached until technical explorations had been completed.

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[1]Source: Department of State, Central Files, 756D.5–MSP/9–1156. Secret; Limited Distribution.

[2]Document 168.

[3]Document 164.

I reminded Prime Minister of our previous conversation (mytel 539[4]) in which I had specified that any conversations which took place could at this time involve no commitments on either side and he said he thoroughly understood this point which was agreeable to him but that he wished to get ahead as quickly as possible.

Ali said that he had heard of Japanese manufacture American type equipment but did not wish to explore before consultation with US. Having in mind Department CA–3483, November 2, 1955,[5] I said that I would look into this matter and let him know.

Instructions requested.

Cumming

[4]In telegram 539 from Djakarta, August 22, Cumming reported that in all his previous conversations on the subject, he had specifically emphasized that no commitments on either side were implied. (Department of State, Central Files, 756D.5–MSP/8–2256)

[5]Airgram CA–3483 reported that the Japanese Government had requested U.S. support for a Japanese mission to several countries in Southeast Asia to study the possibilities for the sale of Japanese arms and ammunition in that area. (*Ibid.*, 490.948/11–255)

179. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, September 30, 1956—10 a.m.

812. Deptel 496.[2] Embassy staff engaged in study most advantageous timing announcement ICA line credit to Indonesia (mytel 3 from Medan[3]). Minister Planning Djuanda has indicated to USOM chief he hopes US will announce decision on line credit soonest so he can prepare present PL–480 loan agreement[4] and agreement on line

[1]Source: Department of State, Central Files, 70756D.5–MSP/9–3056. Secret. Repeated to The Hague.

[2]Telegram 496 to Djakarta, September 27, requested Cumming's comments on telegram 392 to Djakarta, September 11, which informed him of the State–ICA decision to provide a $25 million line of credit to Indonesia over a period of more than 1 year, and stated that the Department was studying the timing of the substantive approach to the Indonesian Government. (Both *ibid.*, 756D.5–MSP/9–1156)

[3]Telegram 3 from Medan, September 18, Cumming's preliminary reply to telegram 392 (see footnote 2 above), recommended delaying the approach to the Indonesian Government until the Embassy could ascertain Indonesian reactions to a Soviet-Indonesian economic and technical aid agreement signed on September 15 and determine the moment at which the approach would most strengthen the anti-Communist coalition government. (*Ibid.*, 756D.5–MSP/9–1856)

[4]Negotiations were in progress for an agreement to permit the loan to Indonesia of rupiahs accumulated by the United States from the sale of agricultural commodities

Continued

credit to Parliament as one package for prompt ratification. I believe it would be advantageous for US and help preserve hard-won momentum and increase efficiency in US technical and economic assistance to Indonesia if this were done. Problem is to choose time of announcement that will avoid context US reacting to Soviet or other Communist bloc offers yet preserve our advantage in field economic cooperation. This may require postponing announcement Department's decision (Deptel 392) until shortly after Sukarno's return even though considerations securing prompt action Indonesian Parliament and launching road building and other projects in areas outside Java which will be financed by line of credit argue for prior announcement if possible.

In my opinion US decisions on aid programs Indonesia generally should be guided principally by their effect on substantial US strategic and investment stake Indonesia, not by individual Soviet moves here, by Asian-African reaction Suez or by over concern sensitivities Dutch.

Vital this line credit will not be our [*because of?*] undue delay or withholding announcement, become in Indonesian minds political threat which they will inevitably compare to Aswan Dam and which may arouse in their minds new doubts and launch debates reminiscent MSA imbroglio 1952.[5] We have, after long and assiduous effort, convinced Indonesian leaders our aid does not "have strings attached" and if our aid programs are to be effective here we believe we must avoid any connotation their use as political goal or punishment. I have never meant minimize in any way Indonesian determination reduce Dutch domination economic sector and Indonesianize rapidly as possible in commercial field. I have tried to make clear that more reasonable elements Indonesia, who would favor "go-slow" process in Indonesia's own best interest, were losing ability hold back vociferously radical elements determined move against Dutch regardless of consequences, so long as West Irian question remains involved. Mytel 1873 repeated information Hague 111[6] reported, when Dutch-Indonesian relations were breaking down Geneva, "danger that public opinion all stripes will demand strong unilateral action against Dutch should no agreement be reached".

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under the agreement of March 2, 1956 (see footnote 4, Document 143). Negotiations continued intermittently for over 2 years, primarily because of U.S. insistence on, and Indonesian refusal to accept, a maintenance of value clause; documentation concerning the negotiations is in Department of State, Central File 411.56D41. An agreement signed on March 18, 1959, was replaced by an exchange of notes of May 29, 1959; for text, see 10 UST 1079.

[5]Reference is to the controversy aroused by the signature of the U.S.-Indonesian agreement of January 5, 1952, which led to the fall of the Sukiman Cabinet; see footnote 7, Document 116.

[6]Dated February 10, not printed. (Department of State, Central Files, 656.56D13/2–1056)

Dutch position Indonesia has deteriorated at accelerated rate since failure Geneva negotiations last February as was predicted in conversation reported Embdesp 767 of June 16.[7] In rapid succession have come abrogation RTC and, what Indonesians call logical consequence, repudiation Dutch debts. It is clear that Indonesian public opinion will push this or future governments, of whatever political orientation, to further pressures on Dutch in [garble] so long as West Irian denied Indonesia.

I see no chance establishment gain for US in case Suez, or for Dutch in their numerous problems with Indonesia, by US trying to make this line credit persuasive instrument for changed attitudes by Indonesians toward these 2 problems complexes [*complex problems?*]. With respect moral issues involved between Dutch and Indonesians, Indonesian sense righteousness is no less strong than that of Dutch. Indonesians claim Dutch have broken RTC by refusing recognize West Irian as area in dispute (as provided in RTC agreements) and by incorporating West Irian in Netherlands Constitution as part of Netherlands territories[8] before settlement reached between two countries. Any US decision as to which country is morally right would be strongly resented by other and would be out of keeping with US policy toward West Irian dispute.

Withholding US aid to Indonesia would not improve Dutch position Indonesia, might well worsen it indirectly by widening resentment against West to include those influential leaders now friendly to and cooperative with US and would also risk Indonesian attitude toward US interest Indonesia.

Indonesians know US line of credit to Indonesia under consideration. This inevitable in Washington atmosphere full discussion our aid programs and policies. If announcement is not forthcoming near future they will inevitably regard delay as political punishment which will tend to increase receptiveness to Soviet blandishments.

Recently concluded Soviet loan agreement (mytel 690)[9] must be presented Indonesian Parliament before projects can be started. Indonesians have indicated projects under this agreement will be located in areas outside Java, areas in which US programs have hitherto been weak or non-existent but in which I hope US can bring increased emphasis as encouragement non-communist elements, many of

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[7]Despatch 767 transmitted a memorandum of a conversation between Kwee Djie Ho, the chief Indonesian diplomatic representative in The Hague, and an Embassy officer. (*Ibid.*, 656.56D/6–1656)

[8]The amendment to the Netherlands Constitution received final approval on August 21, 1956.

[9]Telegram 690 from Djakarta, September 16, reported the signature of the Soviet-Indonesian aid agreement of September 15, which provided for $100 million credit to Indonesia for unspecified aid projects. (Department of State, Central Files, 456D.6141/9–1656)

whom feel neglected by Central Government Indonesia, frustrated and in unhealthy state public mind.

There is evidence present non-communist coalition, including Prime Minister, anxious continue emphasize programs technical and economic cooperation with US in preference those with Soviet (mytel 751[10]) and I hope we can maintain and encourage this point of view.

I do not see any likelihood reversal Dutch misfortunes Indonesia barring Dutch reversal on West Irian either at Dutch initiative or our intervention (and I do not recommend latter at this time).

I believe US in planning this extension economic aid to Indonesia should be guided principally by objective a) maintaining and strengthening non-communist Indonesian Government; b) protection American interests particularly oil with its enhanced importance since Middle East crisis; c) maintaining advantage our 6 year head start in field technical and economic cooperation with Indonesians; d) timing announcement that will avoid connotation competition with Soviet in either propaganda or economic aid fields. It will be of crucial importance to retain advantage improved atmosphere US has gained from successful Sukarno visit US in face Soviet plans (implementation of some of which already in evidence) make major effort in propaganda, aid, trade and conceivable military fields to win Indonesia to support Soviet bloc on international issues and bolster PKI and speed internal subversion. For US to waste this advantage in vain attempt soften blows on Dutch (however much we all would like show sympathy for Dutch) would be disastrous in my opinion.

Desirability expediting Parliamentary ratification and facilitating best coordination this line credit with PL 480 loan and other US programs Indonesia argue for announcement now. On other hand furor here over Moscow joint communiqué[11] (mytel 765[12]) must in my opinion be operating as brake on Sukarno which might be weakened by his knowledge US credit already "in bag" and thus lead to some

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[10]Telegram 751 from Djakarta, September 24, reported that the Embassy had learned that the Indonesian delegation, which had negotiated the Soviet aid agreement, had been instructed by Ali not to agree to anything that would hinder U.S. aid. (*Ibid.*, 456D.6141/9–2456)

[11]Reference is to a joint statement of September 11, signed by Abdulgani and Soviet First Deputy Foreign Minister Andrei Gromyko, and issued at the conclusion of Sukarno's visit to Moscow. For text, see *Documents* (R.I.I.A.) for 1956, pp. 738–740. The statement had aroused controversy in Indonesia, particularly because of a sentence reading, "Moreover, the Soviet Union and the Republic of Indonesia have declared that the existence of military pacts does not further the efforts to ease international tension, which are sorely needed for attaining world peace"; and because it did not mention West Irian.

[12]Telegram 765 from Djakarta, September 26, reported that Ali had told Cumming that the United States should regard the furor over the communiqué as a good sign and that he had assured Cumming that the communiqué did not mean that Indonesia was moving toward the Soviet Union. (Department of State, Central Files, 656D.61/9–2656)

ill-advised behavior in Red China as in Moscow (Moscow telegram 573 to Department[13]).

I recommend therefore we delay announcement until soon after Sukarno's return from Peking (scheduled October 12). Immaterial whether announcement made here or Washington but I would like provide Prime Minister Ali or perhaps Sukarno with advance knowledge timing announcement. Baird concurs in foregoing.

Cumming

[13]Telegram 573 from Moscow, September 13, reported that Sukarno had accepted the Order of Lenin during his visit to Moscow. (*Ibid.*, 090.6156D/9–1356)

180. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, October 2, 1956—6 p.m.

515. Reference: Djakarta's 812 repeated The Hague 31.[2] Embassy has carefully reviewed reference telegram and, while we have not unfortunately received Department telegram 496[3] to which it refers, I find none of arguments contained in Djakarta's 812 alter in any way considerations and conclusions set forth my telegram 408 (repeated Djakarta 23).[4] I would again urge, therefore, any approach to Indonesians re increased aid be postponed for some months and reviewed thereafter in light then prevailing circumstances.

Embassy Djakarta argues US decision re aid Indonesia should be guided principally by its effect on substantial US "strategic and investment stake Indonesia". While I am far from the scene, I question

[1]Source: Department of State, Central Files, 756D.5–MSP/10–256. Secret. Repeated to Djakarta.

[2]*Supra.*

[3]See footnote 2, *supra.*

[4]Telegram 408 from The Hague, September 13, commented on telegram 464 to The Hague (sent to Djakarta as telegram 392; see footnote 2, *supra*). In telegram 408 Matthews urged that any approach to Indonesia concerning increased U.S. aid should be delayed some months and then reviewed in the light of then prevailing circumstances. He argued that the U.S. position with respect to the Suez controversy would be undercut if the United States were to reward "similar lawlessness and unilateral violations of treaties" by Indonesia, that the United States had a special responsibility for the Round Table Conference agreements because of its role in the U.N. Commission for Indonesia under whose aegis the agreements were made, and that increased aid to Indonesia at that time would be regarded by the Netherlands as an invitation to Indonesia to proceed with other measures against Dutch economic interests and would bring U.S relations with the Netherlands to a new low. (Department of State, Central Files, 756D.5–MSP/9–1356)

whether our delay in extending sum of $15 million in FY 1957 would seriously endanger either. If it would, our position in Indonesia must be much feebler and our influence derived from past generosity and support much less effective than our world situation could possibly justify. If this is true, is it not time we had a new look at our policies toward Indonesia and the reasons for it [*their*] failure?

Much has been said by the Secretary and by others in connection with Suez Canal problem of importance of maintaining the inviolability of international agreements. With this, as Department knows, I am in fullest accord. I feel deeply that we, as the one leading power in West completely free of any fair charge of colonial bias or colonial exploitation in the customary sense, must by voice and act make our influence felt in defense of preservation of the rule of law in our dealings with these struggling new, underdeveloped countries. Surely the Western colonial and ex-colonial powers can do so far less effectively with their motives suspect as they still are and with their heritage of past arrogance one of such bitterness and hatred in the eyes of these new countries filled with their new freedom and the heady wine of nationalism. To reward Indonesian debt repudiation and bad faith in IMF by new grant of aid will surely only encourage lawlessness there and elsewhere in Asia and Africa and serve as an incentive to more irresponsible acts inspired by the emotion of the hour or the needs of domestic popularity. With the world's growing inter-dependence and economic complexity, the "annihilation of space," so to speak, such gradual and general breakdown of law and respect for agreements ultimately can only produce near chaos. In other words, the right and courageous policy irrespective of its momentary unpopularity in the countries to which applied can only be in the long-run interest of those countries themselves.

These considerations to me seem far more important than "attempt soften blows" on the Dutch or seeking some momentary popularity in Indonesia, nor frankly can I see any validity in the argument that the return of Sukarno (incidentally the only non-Communist leader to accept the Order of Lenin) should be a determining factor in deciding the timing of the extension of aid. On the same plane, announcement of the decision of such aid coming right on the heels of Dutch presentation of Indonesian debt repudiation to the United Nations (Embassy telegram 511[5]) will only add to bitterness here. To reward one irresponsible action by Indonesia while condemning a similar, though far more important irresponsible action by

[5]Telegram 511 from The Hague, October 2, reported that on October 1 the Netherlands Government had given the U.N. Secretary-General a letter concerning the Indonesian abrogation of agreements and repudiation of debts with the request that it be circulated to U.N. members. (*Ibid.*, 656.56D13/10–256)

Nasser, would, it seems to me, make our position in the United Nations debates quite inconsistent. How can we hope to uphold the sanctity of international agreements in one case and to reward its violations simultaneously in another?

Matthews

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181. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 3, 1956—4 p.m.

851. Mytel 812.[2] Yesterday in conversation at Foreign Office Mononutu[3] to my astonishment displayed accurate detailed knowledge proposed $25,000,000 credit line as described Department's limited distribution telegram 392,[4] saying that his information came from Ismael, Deputy Chief Economic Section of Foreign Office. Bearing in mind injunction last paragraph Deptel 392 I was forced to take an equivocal position, reminding him of previous press articles regarding possible $35 million credit line and emphasizing that unofficial reports and rumors should be treated with great care lest misunderstanding arise between two governments. Mononutu seemed genuinely astonished that I did not, and apparently could not, confirm report given him by Ismael.

Today in trying to ferret out possible sources Ismael's information I for first time came across Icato telegram 319[5] which received Djakarta during my absence Sumatra.

Baird and I do not believe that there has been any leak Embassy or in USOM here but I believe it is immaterial whether there has been some perhaps inadvertent leak here or in Washington. Important fact is that Indonesians now apparently know what is in the wind. Accordingly, I am afraid that further to delay notification to Indonesian Government as recommended in mytel 812 could only lead to confusion and misunderstanding and perhaps into [garble] we

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[1]Source: Department of State, Central Files, 756D.5–MSP/10–356. Secret; Priority; Limited Distribution. Repeated by the Department to The Hague on October 4. (*Ibid.*, 756D.5–MSP/10–456)

[2]Document 179.

[3]Arnold Mononutu, Chief of the American Division of the Indonesian Foreign Office.

[4]See footnote 2, Document 179.

[5]Icato 319 to Djakarta, September 15, authorized discussion with the Indonesian Government of the aid programs, totaling $11 million, tentatively authorized for fiscal year 1957. (Washington National Records Center, ICA Message Files: FRC 58 A 403, Box 25, Djakarta)

have been trying to avoid, namely, the implications that our aid does have strings attached and is granted or withheld for purposes of political pressure (paragraph 3 mytel 812). Furthermore, Indonesian knowledge of our proposed action, even though it has not been confirmed to them officially, [weakens?] my hope that delay in informing Indonesian Government could perhaps serve as brake on Sukarno in Peking (penultimate paragraph mytel 812). I feel strongly, therefore, that we should not further delay in informing Prime Minister Ali.[6]

Cumming

[6]Telegram 580 to Djakarta, October 12, informed the Embassy that the Department wanted to evaluate the results of Sukarno's trip before taking any further action and that it was awaiting a determination regarding the availability of $10 million in fiscal year 1958 that was necessary before the $25 million program could be discussed. (Department of State, Central Files, 756D.5–MSP/10–356)

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182. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, October 12, 1956—6:55 p.m.

585. Your 667[2] and 766.[3] In view apparent Indonesian Government decision look to US for assistance in army modernization, believe first step in orderly approach should be establishment Indonesian eligibility military purchases. Even with clear understanding no commitments either side, detailed "technical explorations" could create undesirable premature expectations should, despite Ali's optimism on assurances, difficulties develop in establishing eligibility.

Recommend therefore you propose to Ali following step by step procedure.

1) Indonesian Government provide US with assurances cited Deptel 15[4] to establish Indonesian eligibility for purchase military equipment, materials and services.

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[1]Source: Department of State, Central Files, 756D.5–MSP/9–2656. Secret; Limit Distribution. Drafted in SPA; cleared with U/MSA, L, NA, MC, ICA, and OSD; and approved in FE.

[2]Document 178.

[3]Telegram 766 from Djakarta, September 26, reported that Ali told Cumming on September 24 that he was anxious to proceed with discussion of possible U.S. arms supply to Indonesia as quickly as possible. (Department of State, Central Files, 756D.5–MSP/9–2656)

[4]Document 164.

2) Types, amounts military equipment desired by Indonesia be determined without commitment either side.

3) Questions of availability of equipment payment credit terms and all other matters relating to supply of goods and services then be raised in government to government discussions.

Re procurement American type equipment from Japan procedure Indonesia should follow is to approach Japanese suppliers. Japanese will seek US concurrence through US agencies Japan.

Begin FYI only. As outlined in letter to you from Howard Parsons August 17 US agencies in Japan in turn would request State Department approval. Approval appears likely but in view Indonesian preference obtain equipment from US, presume PM has purchase from Japan in mind only as possible fall-back arrangement if direct US-Indonesian arrangements not feasible. End FYI only.[5]

Hoover

[5]Cumming reported in telegram 960 from Djakarta, October 20, that he had given Ali orally the substance of this telegram except for the final paragraph. (Department of State, Central Files, 756D.5–MSP/10–2056) Telegram 1064 from Djakarta, November 1, reported that Ali had told Cumming that instructions were being sent to Ambassador Moekarto to give the required assurances. (*Ibid.*, 756D.5–MSP/11–156) Telegram 1484 from Djakarta, December 21, reported that in a conversation that morning, Ali had told Cumming that Moekarto had delayed executing his instructions, but would be instructed again to do so without further delay. Ali also asked Cumming to record that he had that day given him the required assurances orally. (*Ibid.*, 756D.56/12–2156)

183. Letter From the Deputy Under Secretary of State for Political Affairs (Murphy) to the Ambassador in the Netherlands (Matthews)[1]

Washington, October 17, 1956.

DEAR DOC: Ever since our conversation in Paris I have been thinking of the problem we discussed and of course I was reminded of it by your telegram 553 of October 9.[2] As soon as I could after my return I had conversations with our people here and succeeded in obtaining a temporary postponement of action on the $15 million credit for Indonesia plan for this fiscal year. As you know, of the total of

[1]Source: Department of State, Central Files, 756D.5–MSP/10–956. Secret; Strictly Personal.

[2]Telegram 553 asked Murphy to review Matthews' previous messages on the subject of economic aid to Indonesia and added, "Djakarta leak in no way changes my strong views this subject." (*Ibid.*)

$25 million, $15 million is for allocation during fiscal year 1957 and $10 million during 1958.

There is of course considerable history attaching to this credit which has been under consideration since 1955. As your telegram indicates, the Indonesians are aware of our plan to grant the credit although no formal commitment has been made.

While I am, I think, fully aware of what you describe as your "strong views", I am also unfortunately aware of the "strong views" held by Walter Robertson and his associates, including of course Hugh Cumming. In my several discussions here, I have not based my arguments on any thought that the Dutch have any right to monitor credit arrangements that we might see fit to make to any country. In the formulation of their Far Eastern policy, it is quite clear that the Dutch have paid little heed to our views for example on the question of the recognition of Red China and a considerable list of other items in the Far East where they have pursued independent courses of action (and I do not for a moment criticize them for that, because it is their right to do so). My first thought was that we could pin the matter on the question of Indonesian credit-worthiness, but I found that this so-called credit is actually a grant and is a political gesture rather than a banking transaction. Thus, the action of the Indonesians regarding their repudiation of their indebtedness to the Dutch as well as their action in respect of their deposit in the International Monetary Fund are not actually pertinent. This is a political action.

My next point and really the one on which postponement of our action has been based is the line of public utterances of Sukarno on the occasions of his visits to the Soviet Union and Red China. I placed emphasis especially on his public condemnation of capitalism, for example. FE's tentative appraisal pending more hard information is of course disapproval of Sukarno's remarks, but emphasis on the fact that our Indonesian policy is not properly described as a Sukarno policy. They point out that the Indonesian press has been highly critical of the extreme statements attributed to Sukarno (thus far we do not have an accurate account of what he said in Peiping) and that there are healthy elements in and out of the Government of Djakarta who deplore these extreme statements and believe that public opinion there will disapprove. FE is confident that its policy of cooperation, which does not imply approval obviously of every action taken or attitude assumed by the Indonesians, is not only sound but necessary for our long-term security in the Far East. They recognize the importance of the Netherlands to us in our Atlantic alliance and in other European matters. They refuse, however, to believe that it is necessary for the United States to prejudice its interests in this Far Eastern area, especially at this time when the atmosphere in Djakarta is still heavily charged with emotions directed against the Dutch. In

their opinion only time will bring about a better attitude of the Indonesians vis-à-vis the Dutch. During that period we cannot afford to stand on the sidelines or advocate the Dutch cause in the light of the aggressive overtures of the Sino-Soviet bloc.

I find that the procedure on this credit allocation for the current fiscal year has really gone too far to cancel out now. What I am trying to work out is some delay in the operation and avoidance, if possible, of publicity regarding it. This is not easy to accomplish, but I see no reason, for example why there should be any public announcement of the action at the present time.

I will write you further about this. I realize that from your point of view this is not a satisfactory development of the matter, but I know you agree that there is no easy solution.

I thoroughly enjoyed seeing you in Paris. I wish there could have been more time for more talk.

All the best.

Yours ever,

Robert Murphy[3]

[3]Printed from a copy that bears this typed signature.

184. Memorandum of a Conversation, Department of State, Washington, October 19, 1956[1]

SUBJECT

New Guinea Resolution in UNGA

PARTICIPANTS

The Under Secretary
NEA—Mr. Rountree, Assistant Secretary
FE—Mr. Sebald, Deputy Assistant Secretary
Sir Percy Spender, Ambassador of Australia
Mr. F.J. Blakeney, Counselor, Embassy of Australia

Ambassador Spender said that with the admission of new members to the UN, the problem of New Guinea is likely to arrive at a critical stage. He briefly reviewed the origin of this problem arising out of the Indonesian-Dutch agreement and stated that its eventual solution is of the utmost importance to Australia.

[1]Source: Department of State, Central Files, 320/10–1956. Confidential. Drafted by Sebald. Hoover's initials appear on the source text, indicating his approval.

Sir Percy said that the Australian Government and especially Mr. Casey have been working very hard to improve relations with Indonesia. Mr. Casey's efforts have even been criticized in Australia. An effort has been made by his Government to isolate the New Guinea problem from its general relations with Indonesia. On the other hand, in the interim, Indonesian-Dutch relations have greatly worsened.

Sir Percy said there is some feeling on the part of the Indonesians that the Australian views concerning New Guinea have weakened, and in fact Indonesian representatives do what they can to spread this impression. He said that Australia's position has not weakened in the slightest, as it considers the New Guinea problem of the utmost importance to its security. Sir Percy reiterated the Australian position to the effect that the UN is not the place to solve this problem which should probably be taken to the ICJ. The Australian appreciation is that West New Guinea (1) should be for the people of the area and (2) should not go to Indonesia in any event. It is the hope of his Government that the debate in the General Assembly can be kept within reasonable bounds. In this connection, his Government hopes, while understanding the U.S. desire to be neutral in this problem, to have U.S. support in the event that the vote on the resolution should become close. He especially had reference to U.S influence with some of the Latin American countries, and suggested that a few words at the proper time would be helpful.

Sir Percy said that as he is return to Australia shortly he would like to take back some "good words" for Prime Minister Menzies and Mr. Casey, to the effect that the United States would be of assistance in this problem.

Mr. Hoover replied that in view of our neutral policy in this instance, we could not do that, but as Sir Percy knows, he is a great admirer of both Mr. Menzies and Mr. Casey.

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185. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 20, 1956—9 a.m.

965. Foreign Office Secretary General Subandrio tells me he having great difficulty preparing Soviet-Indo aid agreement (mytel

[1]Source: Department of State, Central Files, 856D.0061/10–2056. Secret; Limited Distribution.

514[2]) for formal presentation Cabinet. Said many Cabinet Ministers "were sensitive and watchful" on all aspects Indo-Soviet relationships, especially since Moscow joint communiqué[3] and therefore many "critical questions" anticipated during Cabinet discussion requiring extreme care in preparation supporting documentation. Half seriously Subandrio said US Government could get him "off the hook" by criticizing Indo signatures Soviet trade and aid agreements because absence such criticism plus absence US economic aid tends remove argument that Indos willing accept aid from any source provided no strings attached. (His remark undoubtedly refers, although obscurely, to reported Moslem party Minister's reluctant acquiescence to aid agreement only in order not oppose Indo active independent foreign policy.) Subandrio said in search for US criticism Foreign Office had queried Mukarto who gave negative reply.

Subandrio's remarks in my opinion point up wisdom US refraining from public official criticism Indo flirtations with Soviet bloc during present fluid period, thus continuing our avoidance direct competition each Soviet offer and pointing up our general attitude that Indonesia is sovereign country free make its own independent choices and bear their consequences. This, I believe, also applies for time being to Sukarno action and statements during Soviet Union-Communist China tour until such time as our assessment completed (Deptel 580).[4]

Subandrio then raised question of status "$35 million" in US aid (in contrast Mononutu's 25 million figures subject mytel 851). I explained to him along line previously used with Premier Ali (mytel 354[5]) that 35 million was figure which had appeared in press and was by no means official or authorized.

I added that I had previously informed Ali and Foreign Minister Abdulgani of this situation and Baird had done same with Djuanda. Subandrio accepted my explanation, which he said clarifying because he under impression I had been "sitting on $35 million offer" for past two months.

Subandrio also mentioned Indo shyness in requesting aid, a trait brought up by other officials in discussing this subject. Parenthetically, Indian Military Attaché told me Sunday[6] he had same problem in regard military aid which India wished give and Indo wanted receive,

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[2]Telegram 514 from Djakarta, August 21, concerned an unrelated matter. (*Ibid.*, 756D.00/8–2156) Reference is presumably to telegram 714 from Djakarta, September 19, which reported information concerning the Soviet-Indonesian aid agreement of September 15. (*Ibid.*, 456D.6141/9–1956)

[3]See footnote 11, Document 179.

[4]See footnote 6, Document 181.

[5]See footnote 6, Document 167.

[6]October 14.

an impasse which finally removed only by delicate circumlocution with both sides. This indicates Indo shyness not motivated solely by suspicion of west and Soviet bloc but also characterizes relations with fellow Asian-African nations.

Cumming

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186. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 27, 1956—1 p.m.

1024. Deptel 621.[2] Balance sheet on results of Sukarno state visits western and Communist countries difficult and necessarily tentative pending opportunity gain clearer picture real effects of trip to Communist countries on Sukarno and members his party and extent their reactions on returning to realities of local Indonesian situation. Most members of party now resting in locations outside Djakarta, and Sukarno outside city and may not return until early November.

However much Sukarno and party may have been impressed by USSR and Red China, I see basic situation facing US policy here little changed as result of trip.

Sukarno's expressions approval USSR and Red China here perhaps more enthusiastic than required by appreciative guest, notwithstanding extent to which Indonesians tend to over-reciprocate in matters this kind. Apparent, however, that Sukarno's enthusiastic reactions grow in part out of several previous personal convictions and experiences, such as:

1. Communist lip service in support anti-colonialism during early days Indonesian independence movement and especially Soviet bloc and Red China support Indonesian claim to west Irian.
2. Broad Indonesian agreement on Socialist organization for Indonesia's society coupled with Indonesian political immaturity and consequent inability to distinguish clearly between socialism and communism, for example marhaenism.
3. Indonesian sense of kinship with Communist China as fellow Asian country in alleged struggle against "colonialism and imperialism" and admiration for what Indonesians conceive to be Chinese success in economic development with general Indonesian tendency gloss over totalitarian means used.

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[1]Source: Department of State, Central Files, 756D.11/10–2756. Secret; Priority. Repeated by the Department to The Hague on October 29. (*Ibid.*)

[2]Telegram 621 to Djakarta, October 19, requested the Embassy's assessment of Sukarno's visits to the Soviet Union, Eastern Europe, and China as soon as possible. (*Ibid.*, 756D.11/10–1856)

Foregoing factors no doubt conditioned Sukarno and members of party to more ready acceptance apparent achievements, especially material, under Communist regimes. Consequently, not surprising that statements made in USSR and Communist China abound with enthusiasm and superficially at least provide large measure of implied endorsement. From reports which have appeared in Indonesian press and remarks Foreign Minister Abdulgani (mytel 978[3]), I agree Moscow estimate that Sukarno's words in USSR "convey general implication of approval of Soviet policies" (Moscow telegram 566 to Department repeated Djakarta 3).[4] I do not believe however that this was Sukarno's full intent, for otherwise there would be conflict with tenets of Pantjasila which he sincerely devoted to and repeatedly emphasized during trip.

Sukarno's statement, speeches and general behavior in Red China also largely endorse Chinese Communist policies, and from previous talks with and public statements by members Sukarno's party since their return, I judge Sukarno was especially impressed by confidence displayed by top Red Chinese in their leadership, and by outward appearance economic progress in Communist China. Mr. Sukiman, strongly anti-Communist Vice Chairman Masjumi, reportedly told press in Medan when returning October 17 that he was "amazed about reconstruction activities conducted by countries behind the iron curtain," that "reconstruction activities in Indonesia meant nothing compared to seriousness Soviet and Chinese people in their countries." Whether Sukiman's remarks accurately reported, I fear report reflects general impression Sukarno and party.

While too early predict whether and how soon Sukarno will emerge from euphoria to which he succumbed particularly in Red China, I believe some developments during trips will be work to persuade him to regain his balance, such as:

1. His pleasure during US visit was unmarred by any adverse reactions in Indonesia.
2. Widespread and largely successful information play of US trip contrasted lack enthusiasm here for TASS reporting Soviet trip except by Indonesian Communist press.
3. Sukarno's apparently sincere statement before US Congress "I hope the friendship which will exist between Indonesia and US will be the closest which has ever existed between two countries".
4. His Semarang speech endorsing US democracy (mytel 289[5]).
5. Seriously adverse reaction here to joint Soviet-Indonesian communiqué which has shown Sukarno there is limit to distance he

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[3]Telegram 978 from Djakarta, October 22, reported a conversation between Cumming and Abdulgani concerning the latter's impressions of the countries he had visited on his trip with Sukarno. (*Ibid.*, 756D.11/10–2256)

[4]Dated September 12, not printed. (*Ibid.*, 756D.11/9–1256)

[5]See footnote 3, Document 167.

can go toward accommodation with Communist countries without incurring wrath Moslem and other religious groups as well as elements PNI who anxious hold coalition together.

With few exceptions Sukarno said little in USSR and Red China which he had not said before or which was inconsistent with Indonesia's "independent" foreign policy as it had developed up to time he left on trips.

Fact Sukarno lent himself to general condemnation "military pact" in Moscow communiqué not so significant to me (it is consistent with previous stand taken by Indonesian leaders) as fact they refused lend themselves more specific condemnation NATO and SEATO in negotiations with Czechs (Prague despatch 127, October 2[6]). Also Masjumi opposition to joint statement with Soviets strongest on this point. Masjumi leaders have made point strongly that Bandung conference did not condemn pacts to which Pakistan, Turkey, Philippines and Thailand and other Asian-African countries belonged, although Indo rejected military pacts system for itself.

Sukarno's linking Taiwan and west Irian more serious indication his willingness lend Indonesian support to policies opposing those US. However, Chinese Communists gave Indonesians impression they will seek recover Taiwan by peaceful means, apparently suggesting to Indonesians along lines Chou En-lai used at Bandung that they are holding out blandishments to Chiang Kai-shek who they imply they have reason believe will eventually open direct negotiations and agree settlement.

While Sukarno has perhaps verbally gone further on some points than consistent with balanced position between east and west which is avowed goal Indonesia's independent foreign policy, Sukarno's statements and actions upon his confrontation political realities here will be more important indications whether he has in fact departed materially from views he held before trip. There are number indications already that his re-immersion into Indonesian political broth working to redress balance. Some those who accompanied him on trip and who were also worried from things he had said that he was losing balance, have expressed to me their reassurance that he has not changed for worse. While there will undoubtedly be lingering effects USSR and Red Chinese trips which will incline Sukarno at times in directions distasteful to US, I am confident there are also lasting effects of his visit to US which will produce results beneficial to US. In my talks with Foreign Minister since his return, he requested we proceed with FCN, Fulbright and other pending negotiations. I can only interpret this as concrete evidence that Indonesian Govern-

[6]Not printed. (Department of State, Central Files, 756D.11/10–256)

ment desires move toward establishing balance to President's trip and recently concluded Soviet-Indonesian credit and trade agreements.

Has [*As*] result Sukarno's exposure to Tito[7] and Mao Tse-tung[8] he may well try to play more active role as "revolutionary President" (one his favorite phrases) to unify and concentrate Indonesia's political and economic efforts. But there has been healthy reaction here on part Moslem and other religious parties to verbal extravagances to which he lent himself during tours Communist countries and I believe will keep him and country balanced politically.

Whatever outcome various forces working within and influences working on Sukarno, I see basic situation facing US here little changed as result Sukarno's trips. I believe fact Sukarno trip to US made first and was solid success gave US hold on him which later experiences have not and will not erase.

Cumming

[7]Josip Broz Tito, President of Yugoslavia.
[8]Chairman of the People's Republic of China.

187. Memorandum of a Conversation, Department of State, Washington, October 29, 1956[1]

SUBJECT

Dutch Position with Respect to Inclusion in the Agenda for the Forthcoming UN General Assembly of the Item Concerning Dutch New Guinea[2]

PARTICIPANTS

Dr. J.H. van Roijen, Netherlands Ambassador
Baron van Voorst, Netherlands Minister
The Secretary
EUR—Mr. Elbrick
WE—Mr. Cameron

The Dutch Ambassador said that he was under instructions from his Government to hand the Secretary an aide-mémoire outlining the position of the Dutch Government concerning the Indonesian request

[1]Source: Department of State, Central Files, 656.56D13/10–2956. Confidential. Drafted by T.C. Cameron.

[2]A letter of October 8 from the representatives of Indonesia and 14 other Asian and African nations to the U.N. Secretary-General had requested the inclusion of "The question of West Irian (West New Guinea)" on the General Assembly's agenda; for text, see U.N. doc. A/3200. On November 15, the General Assembly decided, by a vote of 47 to 18, with 14 abstentions, including the United States, to include the item on its agenda.

that the question of West New Guinea be included on the agenda for the forthcoming session of the UN General Assembly (copy attached).[3] The Ambassador reviewed orally the contents of the aide-mémoire and said that his Government had instructed him to request U.S. support to prevent the inscription of the West New Guinea item on the agenda for the UN General Assembly. He added that in addition the Dutch Government requested U.S. support for its point of view in case the Assembly, notwithstanding the objections of the Netherlands and other like-minded governments, decided to consider the item.

The Ambassador stated that he recognized that for the United States to oppose the inscription of this item would mean a change in its previous policy of neutrality towards the West New Guinea question. He said that his Government was in effect asking the United States to reconsider its previous policy, which he commented was not understood by the Dutch Government or the Dutch people and which was contributing substantially to the unsatisfactory state of U.S.-Dutch relations. The Secretary replied that it was our usual custom to comply with the request of a friendly government that we reexamine a previously established policy. In this case, the Secretary said that we would reappraise our policy of neutrality with respect to the West New Guinea question. He added, however, that the Dutch Government should not draw the implication that the reexamination would necessarily result in a change in our policy.

The Secretary commented that the first Dutch objective appeared to be to keep the question from being inscribed on the agenda of the UNGA. He said that he thought it was unlikely that the Dutch would be successful in this endeavor and mentioned the changes which had taken place in the balance of UN membership since the last General Assembly. Van Roijen appeared to agree when he acknowledged that the Afro-Asian countries, even those which might agree privately with the Dutch point of view, would not vote against inscription. Van Roijen referred to the possibility that the United States might persuade some of the Latin American countries to vote against inscription but the Secretary commented that these countries usually were in favor of adding items to the agenda. Further, the Secretary said that in his opinion, the Dutch case against inscription was not a strong one in the light of what might be called the constitutional law of the United Nations.

The Secretary asked what would be the Dutch plan of action if they did not succeed in preventing the inscription of this item on the agenda. Van Roijen said that he knew that this problem was under most serious consideration in The Hague and that much would

[3]Dated October 29, not printed.

depend on how the question was framed and how it developed. He added, however, that the Dutch Government felt that they had discharged all of their obligations under Article 2 of the Charter on the Transfer of Sovereignty and that the United Nations had no competence to consider the question of the sovereignty of West New Guinea. He said his Government would be prepared, however, to discuss other considerations affecting New Guinea such as labor conditions and transportation problems between West New Guinea and Indonesia. The Ambassador referred to the French Delegation's action during the last Assembly session when they withdrew from the Assembly.[4] He said that he personally opposed such tactics but he was unwilling to exclude completely the possibility that at some stage in the proceedings the Dutch would follow a similar tactic.

The Ambassador said that he was confident that his Government would welcome the Secretary's statement that he would reexamine the American policy of neutrality with respect to the West New Guinea question. The Dutch Government would recognize, of course, that reexamination did not imply that there would be any change in that policy.[5]

At the conclusion of the conversation, the Ambassador made several brief remarks on internal conditions in Indonesia. He said that the economic situation was deteriorating and that as a result, he expected not a Communist coup but that Sukarno would assume more and more power, using perhaps some of the techniques he had observed during his trip through the Soviet Bloc and Red China. The Secretary commented that Sukarno appeared to have been impressed by what he had seen on his trip. The Secretary added, however, that Sukarno's actions had not apparently been pleasing to some Indonesian leaders and referred to Indonesian criticism of the joint Soviet-Indonesian communiqué.

On leaving, the Ambassador and the Secretary agreed that should the former be asked by newspapermen concerning the subject of the conversation, the Ambassador would say that he had had a general, over-all discussion of world affairs with the Secretary. At this point, the Secretary took the initiative in summarizing his views concerning the recent events in Hungary[6] as well as the seriousness of the developments in the Middle East.

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[4]The French Delegation withdrew from the Tenth Session of the General Assembly after the Assembly voted on September 30, 1955, to include the Algerian question on its agenda.

[5]On November 21, Acting Assistant Secretary Elbrick gave Ambassador van Roijen an aide-mémoire stating that, after careful consideration, it had been decided to continue the existing U.S. policy; a copy is attached to a memorandum of conversation by Lancaster, November 21. (Department of State, Central Files, 656.56D13/11–2156)

[6]Reference is to the Soviet intervention in Hungary.

188. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, October 30, 1956—6 p.m.

676. For Murphy. Having just received Deptel 768[2] repeating Djakarta's 1020 October 27,[3] I wish once again recall to your attention my comments re timing our approach Indonesians re increased aid. My recommendation on broad political considerations, not simply on aggravation increased aid will cause already unhappy United States-Dutch relations.

All major factors bearing on this problem are political:

(1) Sukarno's statements during visits USSR and Red China, particularly re capitalist war-mongers and liberation Formosa, raise highly significant political questions.

(2) Sukarno's latest and disturbing statement made, according press reports here, on October 29 in Djakarta. After expressing view government made mistake in 1945 in encouraging establishment political parties, and after warning dissension among parties dangerous, Sukarno reportedly made appeal to "bury all political parties."[4]

(3) Indonesian repudiation RTC agreements including debts to Dutch was political act just as Nasser's "nationalization" Suez—though on much more important scale—was politically motivated treaty violation.

(4) Our aid Indonesia designed as political gesture.

We are thus faced with decision which I believe must take into account these important political considerations. As I have previously stated, I believe we must not place ourselves in contradictory position of rewarding Sukarno's lawlessness while continuing condemn equally lawless action Nasser. Furthermore, I believe it should not, by increasing our aid now, give impression we are condoning or ignoring Sukarno's statements. Nor should we appear by our actions to be supporting him against his critics at time when he is being subjected to severe and wholesome criticism by political parties in Indonesia itself for statements we ourselves deplore.

Accordingly, it remains my strong conviction and recommendation we continue delay any approach to Indonesians re aid.

Matthews

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[1]Source: Department of State, Central Files, 756D.5–MSP/10–3056. Secret; Niact; Limit Distribution.

[2]Dated October 29, not printed. (*Ibid.*, 756D.5–MSP/10–2756)

[3]Telegram 1020 reported that Cumming had learned that Djuanda intended to raise the subject of U.S. economic aid with him in Ali's presence at a dinner on November 1 and requested the Department's guidance. (*Ibid.*)

[4]Reference is to a speech made by Sukarno on October 28 at a meeting of delegates from youth organizations.

189. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Deputy Under Secretary of State for Political Affairs (Murphy)[1]

Washington, October 31, 1956.

SUBJECT

Extension of Increased Developmental Assistance to Indonesia

Problem:

To decide whether the Indonesian Government should now be informed of our decision to extend increased economic aid.

Background:

1. The Indonesian Government, in September 1955, asked for increased economic assistance. In an exchange of correspondence between you and Mr. Hollister (Tab B),[2] it was decided that a $25 million line of credit would be made available, with $15 million to be obligated in FY 1957. An executive determination to secure the balance from Congress in the FY 1958 MSP program is being sought.

2. It was decided that the Indonesians should not be informed of this decision until after Sukarno's Sino-Soviet Bloc visit had been evaluated.

3. Anticipated adverse Dutch reactions have prompted our Embassy in The Hague to recommend indefinite postponement of increased aid.

Discussion:

1. Despite extravagant expressions of friendship and restatements of the Indonesian position on a number of issues which are at variance with U.S. views, the Sukarno visit has not changed the basic situation facing the United States in Indonesia, nor that country's established uncommitted international position. (Embassy Djakarta's evaluation attached as Tab C.[3])

2. Denial of increased aid or further delay in informing the Indonesian Government of our intentions would represent a fundamental departure from the U.S. policy of cooperation and assistance to non-communist elements in Indonesia.

3. Further delay used as a means of conveying our displeasure with Sukarno's behavior would be interpreted as conclusive proof

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[1]Source: Department of State, Central Files, 811.0056D/10–3156. Secret. Although this memorandum was addressed to Hoover and sent to Murphy for his concurrence, Murphy initialed it and approved the attached telegram rather than forwarding them to Hoover.

[2]The tabs were not attached to the source text, but see Document 177.

[3]Presumably telegram 1024, Document 186.

that U.S. aid has political strings, and would undermine seriously an atmosphere of trust and confidence established with considerable effort over the past three years.

4. U.S. policy toward Indonesia and the pursuit of basic Free World policy objectives in the Far East should not be governed by the unhappy state of Dutch-Indonesian relations. The proposed manner in which Indonesia is to be informed of increased aid is designed to minimize the adverse Dutch reaction.

Recommendation:

That you sign the attached telegram. (Tab A)[4]

[4]Presumably telegram 699, *infra*, which Murphy signed for the Secretary.

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190. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, October 31, 1956—7:47 p.m.

699. Your 1020.[2] Before undertaking discussions with Indonesians on $25 million aid program necessary obtain executive branch determination authorizing us seek $10 million of that amount from Congress in FY 58 MSP program. This determination now in process and should be cleared within 10 or 15 days. Until we have obtained this determination we cannot therefore authorize you discuss with Indonesians line of credit totaling $25 million.

If however in view local developments you feel it necessary discuss with Indonesians $15 million line of credit for FY 57 prior receipt executive branch determination on other $10 million you may proceed do so. This amount would be over and above funds for technical cooperation and malaria and police. US prepared negotiate mutually agreed projects for financing with additional development assistance funds on loan basis repayable in dollars or local currency at option Indonesians. Indicate US desires proceed on project by project basis and actual commitments and obligations of $15 million or fraction thereof depends upon type projects mutually agreed upon.

[1]Source: Department of State, Central Files, 756D.5–MSP/10–2756. Secret; Priority. Drafted in SPA on October 11; cleared with FE, EUR, OFD, U/MSA, and ICA; and approved by Murphy.

[2]See footnote 3, Document 188.

In discussions with Indonesians trust you will be able avoid issuance any statements by them which might have adverse effect Dutch public opinion such as made by Indonesians at conclusion PL 480 agreement. Request therefore you inform Department when you propose begin discussions with Indonesians.

In effort minimize adverse effects on U.S.-Netherlands relations, you should seek government cooperation in avoiding public statements and in limiting for present publicity given to extension larger program. Our experience with other countries indicates that long time lag between announcement of aid program actions and their implementation frequently occurs and our belief that interests both governments best served if public announcement made after negotiations are complete. No formal announcement re increase aid planned here at this time.

Dulles

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191. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 3, 1956—9 a.m.

1081. Deptel 699.[2] In view past story (mytel 851[3] and 965[4]) I would like to inform Indonesian Prime Minister and Foreign Minister first and get their commitment on holding back publicity and thereafter with Baird inform Djuanda as soon as appointments can be made.

Because of certain sour notes in speeches by Sukarno since his return (mytel 1072[5]) I am anxious convey our readiness negotiate 15 million line of credit to Indo Government through Prime Minister and Foreign Minister before I see Sukarno (who for other reasons, however, I plan see earliest). I believe Sukarno's behavior emphasizing his role "revolutionary president" will be gradually modified to

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[1]Source: Department of State, Central Files, 56D.5–MSP/11–356. Secret; Priority; Limited Distribution.

[2]*Supra.*

[3]Document 181.

[4]Document 185.

[5]Telegram 1072 from Djakarta, November 2, reported that in a speech on October 30 before the Congress of the Indonesian Teachers Association, Sukarno reiterated and enlarged on the position he had expressed in his October 28 speech calling for the dissolution of political parties in order to increase Indonesian unity and strength. (Department of State, Central Files, 756D.00/11–256)

re-emphasize his position as constitutional president with interplay following factors:

1) Opposition political party leaders to his attempts relegate them to more minor roles;
2) Lack of wholehearted army support;
3) Early convening Constituent Assembly in which Sukarno's proposal abolish parties may be extensively if not interminably debated.

I believe press of events in Indonesia and on international front make it desirable that we convey our decision on line of credit to Indonesian Government earliest and with least publicity. (Djuanda has indicated Baird he wants avoid extensive public discussion this aid.) In context Middle East situation our quiet extension this aid at this time will, I believe, to some extent dampen Islamic and racial emotionalism now being aroused here by UK-French actions through favorable effect on responsible Islamic leaders in government. It will also serve to convey impression that US Far Eastern policy not subsidiary to or directly dependent on US policy in Europe. In this way we can emphasize that aid is being extended or merits our program here unrelated to extraneous political issues and thereby strengthen forces here who favor continued cooperation with US and oppose reorientation Indonesian sources aid and technical assistance.

Reply requested soonest as I would hope to see Ali and Abdulgani early next week.

Cumming

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192. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 5, 1956—7 p.m.

1110. Deptel 712.[2] Reports Sukarno speeches October 28 and 30 (my telegrams 1055[3] and 1072[4]) were based on press versions available here. We are attempting secure text or tape-recordings possibly made. Unless these can be secured import of his remarks necessarily rests on somewhat conflicting versions those who heard him. These

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[1]Source: Department of State, Central Files, 756D.11/11–556. Confidential.

[2]Telegram 712 to Djakarta, November 2, requested the Embassy's evaluation of Sukarno's speeches of October 28 and 30. (*Ibid.*, 756D.11/11–256)

[3]Telegram 1055 from Djakarta, November 1, reported news of and reactions to Sukarno's speech of October 28. (*Ibid.*, 756D.11/11–156)

[4]See footnote 5, *supra*.

versions tend to be altered with time and discussion which has followed. Director President's Cabinet Pringgodigdo who was present told Embassy officer Bandung speech badly reported, that Sukarno did not make invidious comparison impressions he had received US and West to those he received Communist countries but had said that US and Western European countries were complete in organization their societies and economies whereas Communist countries visited were still in process and situation in latter more comparable to that Indonesia.

Former Minister Finance Sumitro told Embassy officer last night that Sukarno in Bandung speech had retracted stand he took in October 28 speech calling for "burial" political parties because of strong opposition by various parties, especially by NU. He claimed Sukarno put greater emphasis in second speech on improvement political parties. According Sumitro groups to which President was trying to appeal (youth and army) are split between those who would accept Sukarno as symbol and leader and those who would not. He said this fact, together with strong opposition Sukarno's remarks had raised among political leaders, would cool Sukarno off.

Foreign Minister Abdulgani today expressed himself briefly on Sukarno's recent declarations when I asked jocularly in reference coming constitutional assembly whether Indonesia would now write constitution or operate by Presidential decree. Abdulgani admitted Sukarno may have example Mao Tse-tung in forefront his mind but that 11 years effort Indonesian leaders have made educate their people in parliamentary democracy cannot be extinguished that easily. He said further rationalization still excessive number political parties (somewhat reduced by last elections) is necessary but there must remain religious, Nationalist and Communist organizations to lead those three broad sectors Indonesian political opinion.

Antara today reports effort by Pantja Sila party to hold exploratory meetings of President and responsible leaders to find way out of difficulties facing Indonesia. Pantja Sila proposes setting up national consultative committee composed of representatives of all parties which would work to establish federation of parties. Party lines would then be abolished and would establish party congress which would be composed of all national elements.

Comment: One reason for variety sometimes conflicting impressions Sukarno makes on his listeners is his general and loose style of speaking. This probably not entirely accidental as Sukarno undoubtedly wishes find word which will please often conflicting political viewpoints his listeners. Evidence available suggests Sukarno returned from his recent world tour with some delusion grandeur but I believe any actions which will grow out of his recent speeches will be considerably toned down by realities situation which, no matter

how much Sukarno may wish it were otherwise, would hardly reduce to monolithic political [garble] serious if not disastrous defections.

I will comment further if full text speeches becomes available.

Cumming

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193. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, November 9, 1956—8:22 p.m.

764. Your 1132.[2] Department concerned with Indonesian abstention UN resolution re Soviet military aggression against Hungary.[3] We are also disturbed by tone of Ali's letter to President.[4] However in view Indonesian Cabinet announcement regarding Soviet military action in Hungary[5] and similar expressions by Indonesian Parliamentarians you are authorized if you believe desirable discuss $15 million line credit with Ali or Abdulgani, in accordance last para Deptel 699.[6]

Hoover

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[1]Source: Department of State, Central Files, 756D.5–MSP/11–856. Secret. Drafted in SPA; approved in FE; and cleared with EUR and, in substance, with U/MSA, ICA, and Murphy.

[2]Telegram 1132 from Djakarta, November 8, reported that unless the Department objected, Cumming planned to discuss the $15 million line of credit with Ali and Abdulgani within the next few days, before they left Djakarta to attend international meetings. (*Ibid.*)

[3]Presumably a reference to U.N. Resolution 1004 (ES–II), adopted by the General Assembly on November 4. Indonesia had also abstained on two resolutions adopted on November 9.

[4]Reference is to a letter of November 3, in which Ali appealed to Eisenhower to make every effort "to stop aggression towards Egypt," declaring that in the Middle East, "the principle of the feeling of security of small nations towards the big powers is at stake." (Eisenhower Library, Whitman File, International Series)

[5]A communiqué issued by the Indonesian Government on November 8, expressed regret at the involvement of Soviet troops in Hungary. (Telegram 1144, November 9; Department of State, Central Files, 764.00/11–956)

[6]Document 190. Telegram 1178 from Djakarta, November 13, reported that Cumming had discussed the line of credit informally with Abdulgani and officially informed Djuanda and both had agreed not to give publicity to the increased aid program at that time. (Department of State, Central Files, 756D.5–MSP/11–1356)

194. Editorial Note

At a meeting of the National Security Council on November 15, the Council noted, in NSC Action No. 1636, an Operations Coordinating Board Progress Report on U.S. Policy on Indonesia (NSC 5518), dated October 10, which reported developments between March 23 and October 10, 1956. No discussion of the subject is recorded in Gleason's memorandum of discussion at the meeting. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series; *ibid.*, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1956; memorandum of discussion by Gleason dated November 16, Eisenhower Library, Whitman File, NSC Records)

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195. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 21, 1956—9 a.m.

1234. Army Attaché has shown me his telegram DA–913618 (ID 34–1118).[2] I appreciated desire all agencies obtain fullest information any imminent coup but I believe reference telegram makes request which cannot be fulfilled and which, if attempted, might be dangerously counterproductive. I presume it is unnecessary provide full list telegrams . . . sent this subject. They have contained all information available on dissatisfactions and quarrels within Army, including political assessment, prepared in consultation with Service Attachés . . . and political officers. Staff continuing try secure and screen all information available.

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[1]Source: Department of State, Central Files, 756D.00/11–2156. Secret; Limited Distribution.

[2]This telegram from the Department of the Army to the Army Attaché in Djakarta, November 16, reads in part: "Incomplete coverage by Emb . . . on persistent coup rumors. Req priority, detailed, cont rept mil and political facts indicating possibility coup attempt." (Department of Defense Files) A series of transfers of territorial commanders ordered by Chief of Staff Nasution had met with opposition, of which the focal point was former Deputy Chief of Staff Colonel Lubis, and rumors had been circulating that a coup attempt by Lubis and other officers was imminent. The Army Attaché reported on November 20 that the situation was "generally confusing" and it was "therefore difficult to clearly define major opposition groups"; he concluded that the recent tension had been reduced and a coup was now unlikely. (Telegram C–82 (ARMA 200830Z), sent as Department of State telegram 1233 from Djakarta, November 20; Department of State, Central Files, 756D.00/11–2056)

I agree situation within army obscure and information scanty. Army Attaché has found increasingly difficult in recent months get in touch with army contacts. There are other evidences of increased security measures and attempts by both sides hold back from public and from foreigners information on army conflicts. Air Attaché, for example, has been told that air force officers authorized social contact with Westerners have been reduced in recent months from 18 to 5. That this tight control on information about army is Indonesian Government's policy is also indicated by army ban on tendentious news reporting October 4 and sparseness public statements made by army spokesmen. Indonesian Government obviously feels, rightly or wrongly, that one way relieve tense situation within army is to keep details of conflict out of press. Under these circumstances it is hazardous for Indonesian Army officers talk to outsiders.

Some those officers relieved of their duties have been under house detention and presumably all under surveillance. I have instructed Army Attaché not to attempt see them. Some of these officers have previously gone to US service schools and our attempts contact them might jeopardize US program provide training Indonesian Army officers as well as jeopardize US position with Indonesian Government by suggesting our involvement in army troubles. Even if contact possible any attempt US officers would also place officers in personal jeopardy.

Army Attaché tells me it impossible identify by unit and individual commanders those supporting Nasution or Lubis. I doubt Indonesian authorities themselves could agree on or give accurate breakdown this basis as situation is fluid and activities largely devoted swing various commanders and their units behind one side or other.

I will continue provide fullest information and best estimate current army situation as available.[3]

I fear use word "coup" in newspaper reports here and repeated in Embassy's reports to Department has been somewhat misleading. Situation in army obviously tense and with various attempts make

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[3]Telegram 1240 from Djakarta, November 21, reported that Foreign Minister Abdulgani had told Cumming that a plot led by Lubis to arrest Abdulgani and Nasution had been averted. (*Ibid.*, 756D.00/11–2156) In telegram 1261 from Djakarta, November 23, the Embassy reported that the attempted coup had failed, more than 20 officers had been arrested, and the government was in firm control of the situation. The telegram concludes:

"[Name deleted] said President is pleased at outcome situation army over last few weeks because he feels he can now contemplate compact army which he can use to drive ahead with plans reduce importance political parties. In response officer's question whether there was possibility army under Nasution might request President take over in role dictator, [name deleted] with enigmatic smile said Sukarno now working on that." (*Ibid.*, 756D.00/11–2356)

"show of strength" not impossible there may be clashes, army disorders, or attempt by one army troop force will on other. Perhaps greater than danger army "coup" is that still incomplete discipline some Indonesian Army might give way in case of clash to looting and other disorderly conduct by soldiers. I have discussed foregoing with . . . ARMA. . . . has reservations last paragraph and feels attempted coup will precede any disorders.

Cumming

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196. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, December 5, 1956—6:12 p.m.

993. Your 840,[2] Deptel sent The Hague 977 rptd info Djakarta 905.[3] Dutch Ambassador informed today US decision extend $15 million developmental assistance loan to Indonesia. Action placed in context existing US assistance programs and following points noted:

1) Indo request under consideration since Sept 1955.
2) No separate agreement required.
3) US and Indo Govts agreed no publicity to loan until details worked out and projects determined.
4) Projects contemplated will contribute to long range common objective of stable strong Indonesia friendly to West.

Van Roijen expressed appreciation for information and agreed strongly US Netherlands share common long range objective Indonesia. He said however US action would be viewed in Holland in context Indo repudiation RTC debts and that while no objection could be raised to US aid there was feeling US should also take Indos to task privately and in friendly manner when their behavior violated international standards. Sebald replied US had and would continue counsel Indos against intemperate and short sighted actions but that US ability intervene productively limited, and that intervention beyond these limits not only unproductive but also reduced US effectiveness in advising Indos on other matters.

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[1]Source: Department of State, Central Files, 756D.5–MSP/11–2956. Secret. Repeated to Djakarta. Drafted in SPA and approved in FE.

[2]Telegram 840 from The Hague, November 29, urged that the Netherlands Government should be informed immediately of the decision to increase aid to Indonesia. (*Ibid.*, 456D.5–MSP/11–2956)

[3]Telegram 977 to The Hague, December 3, reported that the Department would inform Ambassador Van Roijen. (*Ibid.*, 756D.5–MSP/11–2956)

Van Roijen again expressed appreciation frank discussion background US decision and said he would inform his government of decision in this context.

Memo of Conversation[4] being air pouched.

Dulles

[4]A memorandum of the conversation between Sebald and Van Roijen, prepared by the Officer in Charge of Indonesia and Pacific Island Affairs, Francis T. Underhill, December 5, is not printed. (*Ibid.*, 856D.10/12–556)

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197. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 13, 1956—2 p.m.

1407. From Assistant Secretary Robertson.[2] (Prepared by Mein but no opportunity clear with Robertson before departure for Manila.)

Following is summary my talks yesterday with Prime Minister, Foreign Minister, Secretary General Foreign Office and Speaker Parliament. Ambassador, Jones and Mein present at first three mentioned and Ambassador and Galbraith[3] present at last conversation.

(1) In conversation with Prime Minister and Foreign Minister I took up statement attributed Foreign Office spokesman re cutback US aid Indonesia[4] (see Embtels 1408 and 1409[5]).

(2) Foreign Minister raised two issues: West Irian and Japanese reparations. Re West Irian he stated Indonesian Government hoped UNGA debate expected January or February would be devoid any bitterness but this depended entirely on Dutch. Indonesian Government hopes outcome debate will be UNGA resolution recognizing existence dispute and calling upon two parties seek peaceful solution

[1]Source: Department of State, Central Files, 756D.5–MSP/12–1356. Secret.

[2]Robertson and Deputy Assistant Secretary of State for Far Eastern Economic Affairs Howard P. Jones visited Indonesia December 11–13 during a trip to Australia, New Zealand, the Philippines, Hong Kong, and Japan.

[3]First Secretary of Embassy Francis J. Galbraith.

[4]A Foreign Ministry spokesman had been quoted in the press as saying that the U.S. aid program for Indonesia for the current year had been cut from $35 million to $15 million.

[5]Telegram 1408 from Djakarta, December 13, reported that Robertson had discussed the press report with Ali and Abdulgani, both of whom had stated that it was the result of a misunderstanding. Telegram 1409 of the same date reported that the Indonesian press had carried official denials of the story. (Both in Department of State, Central Files, 756D.5–MSP/12–1356)

but passage of such resolution might depend largely upon tone of debate. Foreign Minister stated his present thinking envisaged provision in resolution for exercise "good offices" of either President GA or Secretary-General UN in helping parties seek solution. He stated he had discussed this with Prince Wan[6] and Hammarskjold who seemed favorably disposed. Also discussed it with Lodge. Abdulgani said Indonesians had received some vague suggestions from members Dutch UNGA delegation regarding possibility trusteeship but this unacceptable Indonesia. He thought that provided debate devoid bitterness some resolution along lines he envisaged might lead to impartial examination of all possible solutions. He frankly admitted he thought Indonesian views on Irian sovereignty would not be accepted by GA but thought above-mentioned resolution might provide way out of impasse which both Indonesians and Dutch now faced.

(3) Re Japanese reparations, Foreign Minister asked again that we let Japanese Government know we are interested in seeing solution this problem. I told him we had on numerous occasions expressed our interest in settlement all Japanese reparation problems.

(4) Prime Minister, Foreign Minister and Secretary General all thought US stand on recent events Suez Canal served clarify our position on colonialism and enhance our prestige with Asian-African group. Secretary General in expanding on subject noted that Asian-African group present confidence in US had led them considerable distance toward meeting our views on Hungary and said he hoped we would recognize this development and help it along by not insisting on inclusion our resolution condemnation Soviet Union for Hungarian actions which they all deplored, especially since condemnation Anglo-French action was not included in Suez resolution.

(5) Prime Minister expressed deep appreciation for President's letter delivered him New Delhi[7] which he stated helped clarify thinking on Hungary.

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[6]Prince Wan Waithayakon, President of the U.N. General Assembly.

[7]Eisenhower's letter of November 12 to Ali, which replied to Ali's letter of November 3 (see footnote 4, Document 193), reads in part:

"There are heartening signs that our mutual effort to restore peace in the Middle East is bearing fruit. There is every reason to believe that the force of a united world opinion could be equally effective in bringing an end to the brutal suppressions of the liberties of the Hungarian people. I am sure you will agree that on a matter of fundamental moral principle, a double standard cannot be applied.

"The United States would welcome from Indonesia the same stalwart opposition to the use of force in Hungary as it provided in the case of Egypt. I am hopeful that our two nations will work together in the United Nations for a just solution to the grave problems now confronting us."

The text of the letter was transmitted to Djakarta in telegram 774, November 12, and to New Delhi (where Ali was attending a meeting) in telegram 1262, November 13. (Department of State, Central Files, 780.00/11–1256 and 711.11–EI/11–1356, respectively)

(6) In all foregoing conversations I explained fully our consistent anti-colonial stand and our attitude towards Red China.

(7) Conversation with Speaker Parliament and later conversation at Ambassador's residence with State Planning Minister Djuanda largely social.

Cumming

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198. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 24, 1956—3 p.m.

1514. Saw Prime Minister this morning by appointment arranged last week. He immediately brought up situations North and Central Sumatra.[2] He differentiated between actions in the two areas taken by military commanders pointing out that Banteng group had not disassociated area from central government and that contact is being maintained with them both in Padang and in Djakarta. Ali does not presently anticipate disorders in Central Sumatra and said government probably would not take any action against Banteng group but would try work out problem through negotiation and Indonesian capacity "compromise, forgive and forget".

On other hand, Ali bitter against Simbolon who had been regarded by government as man of honor and patriotism regardless of his agreements with central government and political personages Djakarta. Ali said Simbolon had agreed to transfer of Command Territory I but had asked for postponement from December 23 to December 28 so he could carry on through Christmas and government had acceded to this knowing Simbolon to be devout Christian. Arrangements had been agreed to for changeover ceremony. On December 19 Ali received intelligence report Simbolon planning not turn over command and that apparently something was brewing. Government was about to send investigator to Medan when Central Sumatran affair broke on December 20.

Ali said there is evidence collusion between Hussein and Simbolon although noted difference their approaches and stated objectives.

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[1]Source: Department of State, Central Files, 756D.00/12–2456. Secret; Priority.

[2]On December 20, local governmental authority in Central Sumatra had been assumed by Lieutenant Colonel Ahmad Husein, acting on behalf of the Banteng Council of Central Sumatra military officers. Two days later, the commander of North and Central Sumatra, Colonel Simbolon, took control of North Sumatra and severed relations between his command and the Central Government.

Both have stated desire Cabinet's downfall, both claim allegiance to President and Indonesian Republic but in government's view Banteng group not in rebellion whereas Simbolon is. Ali said some advisers are pressing him use force against Simbolon but he commented wryly "I have to be practical". He added with emphasis that whatever government's capability of enforcing its authority may or may not be it could not acquiesce in Simbolon's "rebellious act," without losing all prestige and opening way for other dissidents, especially Communists, to take law in their own hands. Ali said Cabinet would defer only to Parliament in determining whether or not remain in office.

In expressing thought that Communist workers on estates might take action against Simbolon's seizure of power, Ali said he anticipates bloodshed at some stage in North Sumatra. He told me in confidence that while decision not yet made, government was contemplating asking for evacuation American women and children from area. He also said that government might officially inform me near future that it could no longer be held responsible for safety American lives and property in Simbolon's area. (*Note:* AP correspondent says he has been told by Secretary General Foreign Office and Ministry Information that such statement will be forthcoming.)

I said that until such statement made, which in effect recognition Simbolon's de facto authority, I would continue look to Indonesian Government for protection our interest. Ali said he realized we would want to keep Consular officials in Medan look after our interests and asked me for numbers of Americans in North Sumatran area which I gave him in round numbers. Ali asked me for expression US attitude towards Indonesian Government in present situation. I said I had no instructions but obviously in absence some positive statement in my opinion we continued regard government in Djakarta as legal government with which we were in diplomatic relations although situation might develop where we would have to look to de facto authorities in North Sumatran areas under their control for protection American lives and property. Referring to press stories that both Simbolon and Banteng groups have announced assumption control over banks their respective areas (Banteng group has prohibited more than 5,000 rupiahs being taken out of area by any one person and Simbolon has limited withdrawals to 2,000 rupiahs), Ali mentioned possibility two groups attempting collect taxes et cètera, from oil and rubber exports and asked what US attitude would be. I said again that I had no instruction on this point but since he had copy of Hackworth *Digest International Law*[3] on his shelves I suggested he might

[3]Green Haywood Hackworth, *Digest of International Law* (8 vols., Washington, Government Printing Office, 1940–1944).

wish read section in Volume I commencing page 128 on our attitude towards de facto authorities Mexico. I repeated however, that I assumed our specific attitude would depend upon developments.

Ali said he was continuing maintain commercial, air and shipping communications with Central Sumatra but had ordered discontinuation air and Indonesian shipping services to north Sumatra (he said Simbolon had already seized Garuda plane in Medan). In reply my question he said no official blockade of North Sumatra yet ordered.

I responded negatively to his question whether I had direct wireless communication with Medan and added that while I had sent number of messages via commercial services, I had no indication they had been received.

Ali promised keep me informed on intelligence he receives on developments North and Central Sumatra which might affect American interests. Regarding South Sumatra he said that while there are some persons in Palembang who are sympathetic to Simbolon and Banteng group he had [no] evidence as yet of any move away from central government.

Ali said he was disappointed to see in newspapers report that Consular Corps Medan had attended ceremony transferring authority from acting governor to Simbolon. I said I had no information as to whether American Consul attended and speculated that perhaps if he had gone, he might not have had advance information as to what ceremony entailed.

Ali expressed hope that minimum contact would be maintained between our Consul and "rebels". I made no comment except to say that our Consul would, of course, have to keep in contact with local authorities regarding protection American lives and property.[4]

Cumming

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[4]Cumming reported in telegram 1543 from Djakarta, December 27, that in a conversation with an Embassy officer, the Indonesian Chief of Protocol had requested that the American Consulate in Medan avoid any contact with Simbolon and had expressed the hope that if Simbolon tried to force "recognition" from the Medan Consulate, the United States would withdraw its consular officers from Medan. Cumming stated that during a conversation the following day with Secretary General Subandrio, he intended to take the same general line that he had taken with Ali, commenting:

"Because of importance from standpoint protection American lives and property, of maintaining our consular establishment Medan, I believe that oral reply along such lines would satisfy Foreign Office for moment without conceding possibility that we would remove or reduce our consular establishment at Medan, maintenance of which is essential in my opinion not only to protection American lives and property but also continuance contact with Simbolon and political groups in support of him. I will however, unless otherwise instructed, telegraph [Consul John P.] Coffey to avoid in personal contacts and written communications any statements which could give occasion to Indonesian Government charges that we were extending de facto recognition to Simbolon group." (Department of State, Central Files, 756D.00/12–2756)

Continued

199. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 26, 1956—7 p.m.

1534. In my talk with Hatta[2] this morning (mytel 1513[3]) I found him worried by sickness his wife and anxious continue his new and more relaxed life as country gentleman at his mountain rest house above Bogor, but by no means out of touch with current events or other political leaders. Hatta said he had recently talked to Simatupang[4] (who he said had also been talking to party leaders Masjumi, PNI and NU) and to Masjumi, Parkindo, Catholic, PERTI, and IPKI leaders. Hatta put some emphasis on role of IPKI in finding solution present situation because of army connections. Hatta said this Cabinet would have to go as first part of solution and that Sukarno would have to assume responsibility in setting up presidential Cabinet as second essential. Otherwise Hatta said alternative would be government led by PNI including PKI which would mean that entire army and police would follow Sumatra in support Simbolon. He stressed this point. Hatta called attention to today's report that Benteng group had refused receive government's delegation carrying mandate from Ali but not from President as evidence that differences between north and central Sumatra groups are not as great as Ali had hoped. Hatta said he does not know all those in "revolutionary council" behind Simbolon in north Sumatra but that he knows central Sumatran group well and thinks highly of them. He said present situation could lead to bloodshed but he does not think there is desire on part any those in revolt to break up republic and he does not believe disintegration will take place if situation is properly handled. Principal obstacles to solution are two: (1) Prime Minister with

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Telegram 1027 to Djakarta, December 27, replied that the Department concurred in the necessity of maintaining the Medan Consulate, but that the Consulate should avoid acts that might be construed as de facto recognition. (*Ibid.*) The Central Government's control of North Sumatra was restored on December 27, when Lieutenant Colonel Djamin Gintings took control from Simbolon.

[1]Source: Department of State, Central Files, 756D.00/12–2656. Confidential; Priority.

[2]Hatta left the vice presidency December 1.

[3]Telegram 1513 from Djakarta, December 24, reported that Cumming was to see Hatta on December 26 and reads in part:

"While information re developments North and Central Sumatra relatively meager and largely confined press reports, we will attempt over all evaluation and estimate future events in next two days. We do not exclude possibility Sumatran events touching off chain reaction in other areas particularly in view of recent Lubis plot . . . ." (Department of State, Central Files, 756D.00/12–2456)

[4]Major General T.B. Simatupang was Armed Forces Chief of Staff from 1950 until the position was abolished in 1953.

his legalistic approach and his ambition to play role in international world with consequent inattention to domestic matters and (2) Sukarno whose artistic proclivities demand unity but who shuns organizational and detailed work which alone can achieve it. Hatta stressed necessity acting with dispatch before groups on north and central Sumatra get taste too much power and revenue and before Sulawesi or other areas follow suit. He pointed to today's "ultimatum" by Sundanese youth group. He said solution lies in Cabinet appointed by President which would stay in office until next elections and in sweeping legal changes by parliament extending autonomy especially in collection and use of revenue at local level. He said this could be done without reference to Constituent Assembly.[5] He indicated he is thinking ahead in terms of greater powers for president, bicameral legislature and reorganization of provinces providing for co-ordination with central government on regional rather than present provincial basis and greater authority at kabupaten[6] level.

Hatta said only Sukarno can unlock door to solution and he believes Sukarno has reserved room for maneuvering in relieving Simbolon temporarily rather than expelling him outright from army. Hatta said would be impossible to dismiss all members army, civil service and police forces who will have been involved in revolts. Hatta gave me impression of new physical as well as his usual mental vigor. While he is enjoying his present life and wants to continue his writing which he said is going well at present, I got impression he would be willing to return to active role in government but that he will await or perhaps maneuver to force Sukarno's lead in necessary direction.

Cumming

[5]The Constituent Assembly convened on November 10.
[6]Subprovincial administrative unit.

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200. Editorial Note

At a meeting of the National Security Council on January 3, 1957, Allen Dulles commented on developments in Indonesia as follows:

"Mr. Dulles turned first to the military revolt in Indonesia, which he indicated was facing President Sukarno with a difficult problem. The two northern provinces of the island of Sumatra were the affected areas. The two leaders of the revolt so far were Colonel Simbolon and Lt. Col. Hussein. It was believed, however, that the

former Chief of Staff of the Army, Colonel Lubis, who had led an unsuccessful revolt in November, was about to join the other two. Mr. Dulles pointed out that approximately 65% of the available foreign exchange in Indonesia came from Sumatra, which was the richest island in point of natural resources. This was 'an interesting revolt', continued Mr. Dulles, inasmuch as its leaders professed not to be rebelling against President Sukarno but only against the Ali Cabinet, which they accused of corruption, waste and inefficiency. The outcome of the rebellion was still in balance, and much would depend on whether President Sukarno decided to stick with Ali through thick and thin. If he decides to do so, the result might well be to bring Communists into the Cabinet. Most of the rebels appear to belong to the Masjumi Party. It was also possible that Sukarno might take the rebellion as an excuse for invoking his idea of 'directed democracy'—namely, a form of totalitarian government.

"The President inquired whether the revolt in Sumatra had spread to other portions of Indonesia. Mr. Dulles replied that there were some reports of unrest in the Celebes and in Borneo, but the situation in these islands did not yet appear to be serious." (Memorandum of discussion by Gleason, January 4; Eisenhower Library, Whitman File, NSC Records)

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201. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 9, 1957—8 a.m.

1675. During my call on Subandrio this morning[2] on another matter, he regretted any misunderstanding over question our relation with Simbolon authorities in Medan (Embtel 1568, 1569, 1589[3]) and said that on basis my previous conversation with him he had straightened out matter with Ali. According Subandrio, Prime Minister disturbed over story appearing in press and had carefully checked his own office and Foreign Office for source story. Finding negative results, Ali had concluded story was "leaked" from Palace sources

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[1]Source: Department of State, Central Files, 756D.00/1–957. Secret.

[2]The conversation took place on January 8.

[3]Telegram 1568 from Djakarta, December 28, 1956, described press reports that the United States was on the verge of de facto recognition of Simbolon's authority in North Sumatra and that Cumming had so informed Indonesian authorities. (Department of State, Central Files, 756D.00/12–2856) Telegram 1569, December 29, 1956, commented that the story appeared to be a distorted leak of the conversations reported in telegrams 1514 and 1543 (see telegram 1514, Document 198 and footnote 4 thereto), since no one from the Embassy had discussed the subject with the Indonesian authorities on any other occasion. (Department of State, Central Files, 756D.00/12–2956) Telegram 1589, December 31, 1956, reported that a Foreign Ministry spokesman had denied the reports. (*Ibid.*, 756D.00/12–3156)

since he had reported to President on his conversation with me. (If any needed, this seems further indication what I have believed all along, namely, that pro-Communist elements have infiltrated Palace group and are source many reports and "leaks" designed damage US position in Indonesia). Subandrio said Ali was afraid I had been upset and hurt by apparent violation confidence and hoped I would understand difficulty their running down source distorted story any further. Subandrio strongly suggested I see Ali in near future and also President as soon as possible. I plan call on Ali later in week and also request appointment with President in few days.

Following these explanations, Subandrio launched into long and fervent appeal for understanding Cabinet's position. This, he said, was on instructions Ali but he also seemed speak with great personal conviction. According Subandrio, present upheavals result number of long-standing grievances such as corruption, slowness reconstruction, demands for autonomy. Sukarno's criticism parties may have helped precipitate upheaval at this time, which Subandrio felt might actually be good thing. Discontent now in open and measures could be taken meet it. However, one of more serious implications affairs is evidence government now collecting that Communists capitalizing on dissatisfaction and, while not prime movers, may be fanning discontent with ulterior purposes. Subandrio implied Communists playing double game, utilizing present situation both to divide non-Communist coalition in Indonesia and at same time, while professing support present government, to undermine basic structure State's authority.

He said both Prime Minister and President deeply concerned about conditions in army now being revealed. They were not so worried over actions individual officers such as Simbolon, Husein, Lubis, whom they feel are simply reflecting healthy signs discontent and whom they consider as patriotic in motives and still loyal to Republic and President. Subandrio quoted President as saying Simbolon not a traitor and should not be considered in that light. What is causing President and particularly Ali anxiety are definite indications that Communist infiltration and influence among lower ranks army gone much farther than previously realized, even extending to some junior officers. Second disturbing sign is noticeable increase in Chinese Communist activity in Indonesia. Subandrio referred particularly to number of pamphlets which had recently been circulating in quite large quantities. He said some pamphlets urged people support government as best alternative and as force least likely damage PKI interests (this is not far from public PKI line). However, other pamphlets definitely designed stimulate and provoke present and further upheavals. While these could not be directly traced Chinese Communists or PKI sources, government strongly suspected Communists as

source. Subandrio added some latter literature even reaching troops and stirring them up.

In discussing possible settlement problem Subandrio ruled out for present either turning to Hatta or introduction Sukarno's "Conception"[4] as solutions. He said President's original idea had been to form some sort governing body by combining representatives four major parties with President projected advisory council leaders and older statesmen. This, however, had been dropped because Masjumi, NU and majority PNI made clear they would not accept participation Communists in government.

He said Hatta would not be able change situation much since would have to work with same shortages skilled personnel and same problems as present Cabinet. Moreover, President or Parliament would have to take initiative in calling in Hatta, but this unlikely since PKI had made clear they would not accept Hatta under any circumstances. They would probably call general strike which government feared it might not be able handle in view disturbing reports about Communist infiltration army ranks President and Ali had been receiving. Therefore, Subandrio doubted Hatta would be in picture in near future and added stories to contrary from outside country were embarrassing and disturbing to government since it felt this reflected foreign misunderstanding present balance forces in Indonesia.

Subandrio concluded government for moment forced follow policy watching, waiting, and probing further. He seemed want to leave impression Communist threat one main reason government so anxious avoid crisis for present and prevent "any rocking boat".

Comment: From beginning of Sumatran revolts and as earlier evidenced by Ali's remark to me (mytel 1514), PNI in government has on one hand attempted use US as support for maintenance present cabinet and as weapon against defiant military and civilian authorities in Sumatra, whom President, Ali, and rest of PNI regard as partially or wholly inspired by opposition. On other hand, elements in PNI have attempted use US as scapegoat their difficulties by airing to PNI press distorted suspicions of our involvement with dissident and politically dissatisfied elements. Latest maneuver, as conveyed by Subandrio from Prime Minister, is apparently attempt twist situation in order picture Ali Cabinet as stabilizing force against Communists. Spread Chinese Communist propaganda and Communist attempts infiltrate army been going on for some time and, in fact, made greatest headway under previous Ali Cabinet. No indications of any new

[4]In his October 30 speech, Sukarno stated, "Of course, I have a concept (*konsepsi*) of my own, and if I am asked, I will, God willing, set it forth." This translation is from an extract of the speech printed in Herbert Feith and Lance Castles, eds., *Indonesian Political Thinking, 1945–1965* (Ithaca: Cornell University Press, 1970), pp. 82–83.

alarming developments in these fields, but I will keep especially careful watch in those areas in view Subandrio's claims. He may be referring to elements in Regiments II and III in North Sumatra where Gintings, Makmur, and Sitepu and other officers who unseated Simbolon were applauded by PKI members, some of whom spoke over Medan radio at time announcement Gintings' take-over. Government's use these elements to oust Simbolon may in fact have created new and even more dangerous problem.

Cumming

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202. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 18, 1957—11 a.m.

1771. For Assistant Secretary Robertson. Last week I telegraphed Loy Henderson (my telegram 1709[2]) asking for your and his advice on my travel plans in the light of Department's requirements and present Indonesian political crisis. A new factor has entered which I believe should be brought to your attention:

Last night President Sukarno expressed pleasure US sending as my successor Ambassador with distinguished record[3] and cross examined me regarding Mrs. Allison's temperament since he said most important she be able enter Indonesian life to extent Winifred had done. I naturally gave favorable reply. Sukarno then went on to say he was extremely sorry I was leaving so quickly as usually he had two or three months notice of change of Ambassadors. I said I was certain no offense was intended; that actually change had been under consideration for some time since I had now been Djakarta over three years; and that I understood there would be minimum possible gap between my departure and Allison arrival. Sukarno said that Indonesia would be in very critical position for next month or six weeks and he felt that during this period it would be important to US and Indonesia have Ambassador here whom he knew intimately as "brother". He thought crisis (he did not specify details) would come about mid-February. He went on to say that Communists were already attacking me publicly and that my hasty departure would be regarded on many sides in Indonesia as marking important change in

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[1]Source: Department of State, Central Files, 123–Cumming, Hugh S., Jr. Secret; Priority; Limit Distribution.

[2]Dated January 11, not printed. (*Ibid.*, 123–Allison, John Moore)

[3]John M. Allison was appointed Ambassador to Indonesia February 21.

US policy. I repeated that change of Ambassadors was in this case routine [garble] that would not be reaction of Indonesian public. He emphasized there was certainly no objection on his part to Allison but simply a desire to have continuity US representation through this crisis. I said I would pass his comments on to you personally.

Pringgodigdo, Director Presidential Cabinet, expressed similar views to Embassy officer yesterday morning as did Foreign Office Secretary General Subandrio to me.

There is no question but that they now passing through perhaps the most critical period in Indonesian history since 1949 and therefore I feel that I should report foregoing to you since timing of my departure may be a not inconsequential element in local political picture and should therefore be decided in Washington.[4]

Cumming

[4]Telegram 1155 to Djakarta, January 18, instructed Cumming that, in view of the importance Sukarno attached to his presence in Indonesia at that time, he should delay his departure until March 1. (Department of State, Central Files, 123–Cumming, Hugh S., Jr.)

203. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 18, 1957—1 p.m.

1770. At his request I met Subandrio at Foreign Office today who outlined to me Sukarno's conception substantially along lines press release sent mytel 1765.[2] Stressing that Advisory Council[3] to be set up will not be "revolutionary", Subandrio said it would be temporary stop-gap while Parliament develops realization its power and responsibilities and in evolutionary way comes into its own. Obviously out to sell Sukarno's new line (one source told Embassy officer Subandrio will participate in Advisory Council and it is likely that he had hand in drafting release on President's concept) Subandrio said Indonesia's present difficulties could have been prevented had political parties and Parliament attended to things rather than bickering among themselves. He stressed Sukarno's belief in demo-

[1]Source: Department of State, Central Files, 756D.00/1–1857. Confidential.

[2]Dated January 17, not printed. (*Ibid.*, 756D.00/1–1757)

[3]Telegram 1743 from Djakarta, January 16, reported that a Foreign Ministry spokesman had on January 14 explained to American journalists Sukarno's concept of a 14-member advisory council, to be headed by Sukarno and representing youth, labor, political, and social groups. (*Ibid.*, 756D.00/1–1657)

cratic nature of people at village level and Sukarno's conviction Parliamentary democracy only possible when necessary prerequisites of literacy, economic satisfaction and some traditions Parliamentary democracy are acquired.

It was difficult at times determine whether Subandrio was speaking of Sukarno's or Subandrio's convictions as he warmed to his subject. He condemned party heads (he named Sjahrir, Suwirjo, Mangunsarkoro, Aidit[4] and whole roster NU leaders) stating it impossible now for younger men to rise to positions leadership in parties which are in grip of older leaders. Latter, he declared, are still under influence Dutch times when Wolksraad was advisory body without real powers and responsibilities. He said party leaders prefer to sit back and run their parties and let second-raters run government thus putting party interests above country's.

Subandrio said President, in discussing his concept with correspondents, had pointed out that he has influence in political life of Indonesia and that his power must be recognized with purpose establishing orderly system of government. Sukarno not committed to concept and if it does not work he is willing try something else. According to Subandrio, Sukarno asked "what other answer is there?" Subandrio repeated assertion made to me our last meeting (mytel 1675[5]) that unless something done halt present trend country will be in vital danger (a) communist-directed general strike, (b) disaffection among lower ranks in army, (c) military junta.

I asked Subandrio whether PKI would be represented in Advisory Council. He replied affirmatively stating Sukarno felt it preferable to have them in Advisory Council where they could be out-voted but not be in Cabinet and that without majority in Parliament could also be controlled there.

Subandrio said Sukarno consulting political party heads whose reactions thus far not entirely approving, in fact replies largely negative. He commented this not surprising since one purpose Sukarno's concept is to eliminate present party leadership. He said none of party leaders had been able to suggest another way out. He said younger party people long discontent tending to welcome President's concept.

In concluding plea for my understanding Sukarno's plan, Subandrio said that unless Indonesian leaders do something along these lines using institutions based on Indonesian society he feared present trend events would lead either to communism or to military junta, neither of which Sukarno wants.

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[4]Soetan Sjahrir of the Socialist Party, Suwirjo and Sarmidi Mangunsarkoro of the Nationalist Party, and D.N. Aidit of the Communist Party.

[5]Document 201.

Comment: I will have half hour with Sukarno this evening prior to escorting him to opening USIS sponsored exhibit Asian artists in crystal at which time I will seek further clarification President's plans. I am still of opinion that however much he may dress up concept in other colors Army is key to its success or failure. Army's legal control further extended West Java (mytel 1764[6]) only one numerous pieces evidence quiet trend toward military dominance here.

Cumming

[6]Telegram 1764, January 18, reported that a "state of siege" had been declared in West Java. (Department of State, Central Files, 756D.00/1–1857)

204. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 24, 1957—9 a.m.

1821. I saw Prime Minister, Foreign Minister ad interim, this morning and discussed with him briefly US Government views on preliminary information Sukarno's concept Advisory Council as means improving Indonesian Government (Department telegram 1169[2]).

I referred to talk with Subandrio (my telegram 1766 [*1770*][3]) and said my government appreciated special efforts provide US with background information on this subject and that I hoped further opportunities of that kind would be given me. I said I was still unclear about exactly what Sukarno had in mind with many rumors of military dictatorship, one-party control, et cetera.

Prime Minister said Subandrio's talk with me had been done at his and Sukarno's special authorization. He said reason Sukarno's concept still unclear partly because details of Advisory Council are not yet known. These have to be worked out, discussed and eventually debated in Parliament. Concerning possible trend toward dictatorship, Prime Minister said he also had some misgivings in beginning but Sukarno had given his personal assurance that whatever form Council takes it will not violate constitution or interfere with or take over powers of Cabinet or Parliament. Prime Minister said he

[1]Source: Department of State, Central Files, 756D.00/1–2457. Secret; Limited Distribution.

[2]Telegram 1169 to Djakarta, January 19, requested that Cumming, at his discretion, inform Subandrio of U.S. concern regarding the inclusion of the Communists in the Indonesian Government. (*Ibid.*, 756D.00/1–1857)

[3]*Supra.*

was satisfied with Sukarno's assurances. He added that constitutional convention could, of course, change constitution to provide Advisory Council with other powers but that would be legal.

Prime Minister said Council would include representation of groups not now directly represented in Parliament and give them outlet for their dissatisfactions and demands other than taking up arms or causing other troubles. He said not yet worked out who will be included but might include, for example, Bupatis, some Lurahs or other form representation of peasant.

Prime Minister said he could give me his assurance that if Council should tend toward control of Cabinet or Parliament both he and PNI would oppose.

I said we were watching with great interest steps toward Advisory Council, that I wanted to avoid any suggestion of interference but felt I should say that inclusion Communists in Advisory Council would cause my government concern. Prime Minister said he understood this but could not say Communists would not be represented. He said President would head Advisory Council and Prime Minister expressed opinion this would be strong guarantee against strong Communist influence or control. Prime Minister continued with wry smile that under present concept Indonesian Government President could do no wrong and that President himself among those not presently represented in governmental process in Cabinet and Parliament. He said if President makes Council part of his office he would be unable to escape responsibility of advice put forward by Council (which Prime Minister again emphasized Cabinet would not have to follow).

Cumming

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205. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 25, 1957—4 p.m.

1834. Reference: Deptel 1153.[2] Secretary General Foreign Ministry has informed me he will provide me with note containing assur-

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[1]Source: Department of State, Central Files, 756D.56/1–2557. Secret; Limited Distribution.

[2]Telegram 1153 to Djakarta, January 18, stated that the procedure set forth in telegram 585 to Djakarta, Document 182, for establishing Indonesian eligibility for military assistance before initiating technical discussions remained unchanged. (Department of State, Central Files, 756D.56/1–2557)

ances Deptel 585. He said Ambassador Mukarto apparently ignoring his instructions perhaps because he fears associate his name with transactions which might later have repercussions damaging to him politically (this may be reasonable explanation since Mukarto known hold ambitions for prominent positions in future Indonesian Governments).

When I met Prime Minister day before yesterday he again expressed his anxiety get ahead with purchase US military equipment, said he could not understand Mukarto's failure obey instructions. He said purchase might not be large, perhaps initially only arms for UNEF and perhaps another home battalion, but he thought it important start providing army with American equipment. He said if military equipment comes "our army will have something to play with besides politics".

He said important too because "I am being pressed purchase military equipment from other places".

I said I had inquired of Subandrio about rumors concerning purchase Soviet military equipment (my telegram 1673[3]). Prime Minister said rumors untrue, that there had been offers but that he wanted to confirm Subandrio's statement to me "we have ordered nothing from USSR except jeeps and spare parts for jeeps", Prime Minister said. He added he thought inordinately large supply spare parts being included.

I expect to hear from Subandrio shortly and will forward promptly any note he gives me. He showed me informally draft and it appeared adequate.

Cumming

[3]Telegram 1673 from Djakarta, January 8, reported that Cumming had asked Subandrio about this during their conversation that morning, reported in part in telegram 1675, Document 201. (Department of State, Central Files, 756D.56/1–857)

206. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, January 29, 1957—5 p.m.

1863. Mytel 1834.[2] My immediately following telegram[3] contains Foreign Office translation of third person note dated January 10[4] handed me this morning by Secretary General Foreign Office. Translation has been verified by Embassy language officer. Original note will be sent first air pouch.

Subandrio made following oral comments: Paragraph numbered one omits reference to non-use military equipment for aggression as Indonesian government considers it somewhat lacking in dignity to set this forth in writing and believes point adequately covered by use of words "solely for legitimate national self-defense".

Indonesian government prefers flat statement equipment would not be sold or otherwise disposed of to third parties. This is actual Indonesian intention and inclusion of words "without consent of US" at end paragraph numbered two would introduce a bilateral aspect which Indonesian Government desires avoid, bearing in mind fate of Cochran–Subardjo agreement.[5]

Wording paragraph numbered three designed to eliminate any suggestion that any new sales agreement that might be arrived at has any connection with Cochran–Subardjo agreement.

Subandrio considers note in this form contains unilateral assurances required by our law (Deptel 15[6]) and asks that existence note be kept Top Secret until such time as two governments agree to disclosure if that should become necessary.

Subandrio suggests that if assurances are considered satisfactory preliminary contact be made between Embassy and Hidajat, Secretary General Ministry Defense (Embtel 667[7]) with detailed discussions to be carried on in Washington later.

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[1]Source: Department of State, Central Files, 756D.56/1–2957. Secret; Limited Distribution.

[2]*Supra.*

[3]Telegram 1864 from Djakarta, January 29, not printed. (Department of State, Central Files, 756D.56/1–2957)

[4]The note, sent to the Department in despatch 361 from Djakarta, January 29, stated that any weapons or other military equipment purchased by the Indonesian Government from the U.S. Government would be used solely for "legitimate national self-defense", would not be sold or otherwise disposed of to third parties, and would not be subjected to any previous exchange of notes or any previous agreement between Indonesia and the United States. (*Ibid.*, 756D.56/1–2957)

[5]See footnote 7, Document 116.

[6]Document 164.

[7]Document 178.

Subandrio said Mukarto would be informed today of delivery of note to me.

Cumming

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207. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 20, 1957—8 p.m.

2084. In accordance with Sukarno's request (my telegram 1954[2]) Mrs. Cumming and I had tea at Bogor Palace February 16, entertained Sukarno at small dinner including few palace and Embassy staff on February 19 and today made flight in Navy aircraft UF–1 provided courtesy COMNAVPHIL (my telegram 2034 repeated Manila 148[3]).

1. Sukarno received us for 1½ hours at Hartini's[4] house at Bogor Palace 10 o'clock last Saturday morning in completely informal atmosphere. Discussion confined largely to reminiscing our personal association particularly during his trip to US. Both Mrs. Cumming and I were impressed with Hartini who possesses besides real beauty, poise, dignity, and charm which belie stories about her commonness. Pringgodigdo, Director President's Cabinet who was also present, inquiring from Embassy officer afterwards impression Mrs. Cumming and myself had at tea with Hartini, appeared genuinely overjoyed to learn our favorable impression. He said it was first time any foreign representative had been received by Sukarno with Hartini. We have known for some time that Sukarno is resentful about continued boycott of Hartini by wives other Indonesian leaders. Pringgo expressed hope Mrs. Allison and perhaps other Embassy wives would see Hartini in future and suggested that through her it would be possible to influence Sukarno's attitude toward Communists.

2. Sukarno appeared enjoy himself at dinner which included four palace aides and three couples from Embassy. Exchange toasts largely confined to expression personal friendship in which Sukarno referred to personal relationship American Ambassador and "his family" and said he would wait to see whether such relationship would be established by Ambassador Allison. Informal singing after dinner.

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[1]Source: Department of State, Central Files, 756D.11/2–2057. Secret.
[2]Dated February 7, not printed. (*Ibid.*, 756D.11/2–757)
[3]Dated February 15, not printed. (*Ibid.*, 756D.11/2–1557)
[4]One of Sukarno's wives.

3. Flight scheduled 10 o'clock today delayed approximately ½-hour because of mix-up at palace whether President's son accompanying. As result we picked up Guntur and younger sister Megawati at school involving President's cavalcade with myself in his car with him passing through most of city and being seen by members PKI headquarters among others standing out to wave at Sukarno. 2-hour flight was pleasant and uneventful but Sukarno noted US had provided flight as promised despite having lost Embassy plane. He said US ability to deliver despite setbacks would not be lost on others. Sukarno also said difficult in future for Communist press to criticize presence American amphibian in Indonesia after his public expression confidence in it. After flight he insisted on accompanying me to my house in his car with cavalcade which involved another parade through city streets.

Comment: I believe foregoing not unimportant. Sukarno set precedent in all three cases. While these demonstrations were in part flattering expressions personal friendship toward me personally as well as to "American Ambassador" political motive seldom absent Sukarno's smallest actions. His motives were I believe in part to demonstrate both to US and to Indonesian public some balance his many recent expressions friendship for countries Soviet bloc. Despite political controversy now running [in] Indonesia in which Sukarno, PNI and PKI said to be arrayed against anti-Communist, religious parties, I do not believe this demonstration his friendship for American Ambassador necessarily disadvantageous either to ourselves or to anti-Communist forces here. Everyone recognizes that Sukarno wields enormous power. He is now lonesome because of unsolved domestic political troubles. If left alone Soviet, Red Chinese and local Reds will fill vacuum and I believe those who know Sukarno best here agree with me that everything we can do to keep alive his interest in things on other side worthwhile.

Cumming

208. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 23, 1957—11 a.m.

2110. For Allison. Following my preliminary comments Sukarno's concept mytel 2107.[2]

1. Sukarno's rejection western parliamentary democracy with political opposition and his theory he can establish special Indonesian unity is expression widespread Indonesian aversion to political conflict and desire to return to unity purpose Indonesian revolution, ignoring Communist attempt at Madiun 1948 forcefully take over leadership republic. (One of Indonesia's biggest political puzzles whether Sukarno has changed since Madiun when he ordered army put down Communist rebellion with bloody success.)

2. Sukarno's insistence inclusion PKI does not necessarily mean Sukarno pro-Communist but, ignoring experiences other countries, indicative his belief he can invite Communists in with impunity and control them thus eliminating strikes and other crippling blows which PKI outside might deliver.

3. Lack reference role for Hatta and only passing reference to intense feelings in provinces outside Java over Java-centrism central government and local administration is one of many glaring omissions in Sukarno's presentation.

4. PKI accompanied Sukarno's announcement with intense campaign of support. PKI day before speech announced full support and PKI supporters with hammer and sickle banners were, according press, prominent among throng outside palace last night. PKI and Communist influenced Indonesian Peoples Congress thus in forefront political groups announcing support Sukarno's intention establish new style government.

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[1]Source: Department of State, Central Files, 756D.00/2–2357. Confidential; Priority. Repeated priority to Singapore and Manila.

[2]Telegram 2107 from Djakarta, February 22, transmitted a summary of a speech given by Sukarno on a nationwide radio broadcast the previous evening, revealing his "concept" for Indonesia's government. According to the telegram, Sukarno declared that Western democracy had failed because of its incompatibility with the Indonesian character and he called for a *gotong rojong* (mutual assistance) cabinet, representing all factions in Parliament, specifically including the PKI, and a national council representing all the functional groups in society. (*Ibid.*, 756D.00/2–2257) A copy of telegram 2107 was sent from Deputy Under Secretary Murphy to Robertson, with a covering memorandum of February 22, which reads as follows:

"All of this seems pretty sad, especially the reference to the failure of western democracy and the inclusion of Communists in the Government.

"No doubt we will have to take a hard look at our future policy line." (*Ibid.*)

An English translation of the speech was sent to the Department in despatch 418 from Djakarta, February 26. (*Ibid.*, 756D.00/2–2657)

5. Embassy officer told last night by brother Sultan Jogja that latter already considering invitation to participate in new Cabinet as Minister Defense. Sukarno will probably try balance participation and support by left with conservative elements. At palace last night Hatta given prominent seat next to Prime Minister, Speaker of Parliament and Sukarno suggesting his undoubted prestige among people recognized by Sukarno.

6. It is Sukarno's intention subject concept to further discussion and probably make further alterations before any implementation will be attempted. Best evidence Masjumi and Catholics and Parkindo will not participate in Cabinet with PKI. NU divided between these willing accept and those against PKI participation.

In summary I believe outstanding aspects Sukarno's presentation last night were (a) lack of detail or plan implementation (it remains just an idea) (b) typical looseness and incompleteness general outlines (c) insistence on unanimity of representation without clear formula how it can be achieved (d) avoidance Sumatran question. While I do not like Sukarno's announced intention include Communists and his gratuitous gift to them of his prestige, I do not think pessimistic conclusion necessarily warranted yet. Sukarno, faced with situation in which political parties have failed provide country with decisive leadership, is trying to find effective alternative. He alone has thus far exhibited courage and imagination make this attempt. He remains open to our influence and to influence better political elements here. His plans are fluid and subject change. While I am not prepared now predict what will come out next few weeks I retain hope it will not be all bad.

In meantime and at least during next week or so I would suggest that any comment attributable to official sources in Washington be careful to refrain from suggesting Sukarno headed toward dictatorship and form any odious comparison with Hitler, Mussolini, et al., as this could be seized upon by Communist and ultra-nationalists and perhaps even by Sukarno himself as indication foreign intervention in reorganization Indo state. Extremists could well use this as base for campaign counteract criticism from more moderate Indonesian sources. I think perhaps however some good might be accomplished by American press comment pointing out dangers Communist inclusion in such sensitive spots as Cabinet and advisory council which consider most secret matters pertaining to welfare Indonesian state and people.

Communist adroitness in using instruments of political power once admitted thereto after inclusion in popular fronts et al. might also be useful. Examples would be Czechoslovakia, Hungary, Poland, Red China, France of Leon Blum, etc. perhaps also inclusion some

Nehru's comments on danger domestic Communism might be helpful.

Indicative concern in high circles lest political tension break into demonstration or worse was fact, which I learned from wife Navy Chief of Staff at party last night, that her husband along with other Chiefs of Staff following speech joined rest armed forces confined to quarters.

Cumming

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209. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, February 23, 1957—4:32 p.m.

1367. Advise soonest whether Embassy has since your 1961[2] informed Indos of U.S. aid offer increase from fifteen to twenty-five million. Otherwise believe offer should be withheld at least pending further clarification political developments and Embassy's recommendations U.S. attitude aid policy.[3]

Dulles

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[1]Source: Department of State, Central Files, 756D.5–MSP/2–657. Confidential. Drafted and approved in FE and cleared with SPA.

[2]Telegram 1961 from Djakarta, February 6, stated that the Embassy had not informed the Indonesian Government of U.S. approval of a $10 million line of credit for Indonesia, in addition to the $15 million previously approved for fiscal year 1957. (*Ibid.*)

[3]The Embassy replied in telegram 2120 from Djakarta, February 25: "Have not informed Indonesia US aid offer increase from 15 to 25 million. Thoroughly agree with Department that offer of increase be withheld pending clarification political development." (*Ibid.*, 756D.5–MSP/2–2557)

210. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 25, 1957—6 p.m.

2124. Mytel 2115.[2] I recommend I be authorized seek appointment Sukarno and Prime Minister soonest express to them US Government's concern over extent to which Sukarno encouraging PKI aggressiveness including anti-foreign acts in pattern agitprop activities other countries which have there led to disastrous results. While Sukarno has gone fairly far and I cannot be sure that this will have much effect on him I believe it is worth trying. I was told today by chairman Constituent Assembly and PNI member Wilopo that PKI would not be included in Cabinet and Wilopo expressed his certainty this point without, however, adducing reasons. Embassy officer also in discussing political situation today with Leimena of Parkindo, who is close to Sukarno, told that Sukarno already retreating from position last Thursday night (mytel 2107[3]) in which he emphasized participation Communists to advocacy yesterday (mytel 2118[4]) inclusion Simbolon, Husein and Darul Islam leaders.

Despite his obvious attempts rig public opinion and despite clear-cut Communist leadership preparations rally yesterday and extensive painting and slogan campaign Sukarno remains I believe sensitive to US concern. I think we should now step up our expressions of concern, keeping them, however, private. I intend emphasize to Sukarno as well as to Ali, Subandrio and others incidents anti-foreignism and involving American property as well as more general emphasis on US concern over increased opportunity for Communists under his announced program.

I propose request appointment Sukarno soonest if Department approves but recommend I be given discretion to deal or, if appointment already made, adjust my approach if other developments inter-

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[1]Source: Department of State, Central Files, 756D.00/2–2557. Secret; Priority.

[2]Telegram 2115 from Djakarta, February 24, replied to telegram 1365 to Djakarta, February 23, which requested the Embassy's views on proposals that Cumming should call on Sukarno or Ali and state under instructions that the United States viewed with deep concern the proposal to include Communists in the government and that similar representations should be made to Ambassador Moekarto. (*Ibid.*, 756D.00/2–2357) Telegram 2115 reported that Cumming was making an oral protest to the Foreign Office because of several incidents in the last 2 days in which Embassy property had been damaged or painted with slogans supporting Sukarno's "concept." (*Ibid.*, 756D.00/2–2457)

[3]See footnote 2, Document 208.

[4]Telegram 2118 from Djakarta, February 25, conveyed a press report of a rally supporting Sukarno's "concept". Sukarno had reportedly stated that he would invite not only the PKI but also Colonels Simbolon and Hussein and the leaders of the Darul Islam to participate in his "mutual solidarity program." (Department of State, Central Files, 756D.00/2–2557)

vene in this rapidly moving situation (I have in mind particularly any arrests opposition which would alter context these representations).

I suggest Department proceed with representations to Mukarto. Please instruct.

Cumming

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211. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, February 26, 1957—7:25 p.m.

1382. Mukarto called on Robertson today.[2] Indicating we had no desire or intention to interfere in internal developments in Indonesia Robertson expressed our concern possible increased Communist influence and cited disastrous results former coalition governments in Europe and fate those who thought they could handle Communists. Mukarto reviewed recent developments Indonesia reaching conclusion that Advisory Council would be established with Communist participation with agreement principal parties including Masjumi and NU. He believed Council would have purely advisory capacity, would reach its decisions unanimously through compromise as in Village Council and could constitute no serious threat. He believes Communists will not be taken into Cabinet and that new Cabinet will be formed including elements of recent Ali Government. He stated Masjumi ready to reenter Cabinet with sole stipulation that Communists be excluded.

He attributed Sukarno's conception to desire to shock non-Communist parties into greater unity.

Dulles

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[1]Source: Department of State, Central Files, 756D.00/2–2657. Confidential. Drafted and approved in FE.

[2]Two memoranda of conversation were prepared by Bell, both dated February 26; one recorded the discussion summarized in this telegram and the other recorded discussion concerning recent anti-American incidents in Djakarta. (*Ibid.*, 756D.00/2–2657 and 611.56D/2–2657, respectively)

212. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, February 28, 1957—2 p.m.

2173. Manila for Ambassador Allison. This morning I paid farewell call on former Vice President Hatta whose rather urgent expression desire see me before I left crossed my formal request for appointment through Foreign Office.

Hatta conceives his present role to be one of active behind-the-scenes intervention in current political turmoil using his very considerable influence, which he frankly acknowledges without false modesty, first to further coordination of all Islamic parties in opposition to admission Communists to Cabinet and if possible to Advisory Council; second, to encourage unity within army circles and especially to keep alive resistance to Communism; thirdly, to use his influence bolster morale and will to resist Communism of youth groups, peasants, cooperative organizations and civil service especially at Bupati level; fourthly, to work as effectively as political discretion presently permits to improve conditions in Sumatra which he considers, correctly in my opinion, to be almost unanimously opposed to Communism with exception oil workers in Palembang area, some estate workers in East Sumatra and some army leaders in North Sumatra.

He is optimistic with only slight reservations of possibility Masjumi and NU forming organized front against inclusion Communists in both Cabinet and Advisory Council and thinks that there is even a possibility of PSII going along with Masjumi and NU when leaders see through current Communist and Sukarno-inspired "mass demonstrations" of support for President's concept and realize depth and breadth of opposition in the country as a whole, especially Sumatra and Kalimantan. Hatta said some NU elements, openly opposed to PKI admission to both Cabinet and Council, might at some stage compromise by agreeing to PKI in Council only but Masjumi would remain firm and this "plus other very confidential negotiation now going on" gave him a certain feeling of optimism as to the outcome.

Referring to estimate of Sukarno's artistic temperament which he had given me during our last conversation (mytel 1524 [*1534*][2]) he said that Sukarno as artist was enormously upset when he saw building or picture which was incomplete or lacking in symmetry, that he had emotionally similar reactions when he saw the country lacking in unity and one element pulling against another to detriment of well-

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[1]Source: Department of State, Central Files, 756D.00/2–2857. Secret. Repeated to Manila.

[2]Document 199.

being of people as whole as Sukarno conceived their well-being. Hatta said that Sukarno did not however realize fully that human beings are not as susceptible to correction as is a building or painting.

On other hand Hatta thinks that this very quality of Sukarno's makeup also gives him a distaste for demonstrations and excesses such as Communist and certain youth organizations have staged in past few days. (Hatta noted and this conforms to our own information that so far as he knew these demonstrations have been confined to Djakarta and have not yet occurred in any other parts of Java although he does not exclude such possibility.)

Hatta thinks that present turmoil, word he frequently used during conversation, will continue for roughly two months, that there will be crises and demonstrations but sometime during this period Sukarno would come to realization not only of the eventual unity of the Islamic parties and of important elements in the army, as well as people of West Java and areas outside of Java, in opposition to Communist participation in government, but also to an appreciation of extent to which Communists and their allies are using for their own purposes (which to Hatta means purposes of Moscow and Peking), the President's concept designed in his mind to bring about national unity. Hatta said that most difficult period would be when Sukarno realized that his concept instead of bringing about national unity was actually creating disunity and moving country towards civil war. At this point it would be necessary to devise formula which would save Sukarno's face, take into account Sukarno's unquestioned prestige with masses, and with weight of political and armed forces behind it compel Communists to acquiescence. Hatta said he had absolutely no idea at this time what such formula could be.

Of considerable interest was Hatta's frequently repeated remark that failing developments along lines mentioned above there would sooner or later take place in this country serious internecine disturbances.

Cumming

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213. Editorial Note

At a meeting of the National Security Council on February 28, Director of Central Intelligence Allen Dulles commented on developments in Indonesia as follows:

"The Director of Central Intelligence stated that developments in Indonesia had taken a dramatic turn, and a critical situation was in the offing. President Sukarno is threatening to abandon the experiment in Western forms of democracy, in favor of a new concept of government to consist of an all-powerful advisory council as well as a new cabinet. In both these bodies the Communists would participate along with representatives of the other 28 parties currently in existence in Indonesia. Sukarno proposed to be chairman of this new top advisory council, which would act as a guide to the cabinet. Sukarno's plan has received strong backing from the Indonesian Communist Party. The Communists are launching strong anti-Western campaigns, especially in the city of Djakarta. These campaigns could cause serious trouble. In the new cabinet the Communists desire the portfolios of Labor, Education and Agriculture.

"In seeking to achieve their objectives, continued Mr. Dulles, the Communists can make use of the largest Indonesian labor union, the SOBSI, and thus create strikes if the Communists are not admitted to the new government. At the moment, President Sukarno still has the upper hand on the island of Java. It is still not clear what the Moslem parties or the army propose to do. The Indonesian army forces in Java are already infiltrated by Communists and anti-Western elements. But this is not the case in Sumatra, where the revolt against the central government continues. It is quite possible that Sukarno will declare a state of siege in Indonesia if serious opposition to his plans should develop.

"The Director of the Bureau of the Budget asked for an explanation of the apparent change in Sukarno's attitude since the time when he visited the United States and we had given him such a build-up that we supposed he had come over to our side. In reply to Mr. Brundage, Mr. Dulles pointed out that Sukarno had a very volatile temperament and was increasingly frustrated by the difficult situation and the opposition which he faces at home. One could certainly not depend upon him for a consistent attitude. [Acting] Secretary Herter pointed out that Sukarno had also visited Communist China after his visit to the United States. Mr. Dulles commented on the ineffective leadership in the Moslem parties. The President inquired whether the Moslem parties together did not constitute a parliamentary majority. Mr. Dulles replied that the two together barely managed to achieve a majority, and they could never be sure of maintaining it against the delegates of the National Party and the Communist Party." (Memorandum of discussion by Gleason, March 1; Eisenhower Library, Whitman File, NSC Records)

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214. Editorial Note

On February 23, a draft resolution, sponsored by Bolivia, Burma, Ceylon, Costa Rica, Ecuador, Ethiopia, India, Iraq, Pakistan, Saudi Arabia, Sudan, Syria, and Yugoslavia, was introduced in the First

Committee of the United Nations General Assembly. (U.N. doc. A/C.1/L.173) By this draft resolution, the General Assembly, having considered the question of West Irian (West New Guinea), recalling its Resolution 915(X) of December 16, 1955, and noting that negotiations between the Governments of Indonesia and the Netherlands had so far not resolved the issue, would (1) request the President of the General Assembly to appoint a good offices commission consisting of three members, with a view to assisting in negotiations between the two governments in order that a just and peaceful solution of the question might be achieved, in conformity with the principles and purposes of the United Nations Charter, and (2) request the good offices commission to report to the General Assembly at its twelfth session. The draft resolution was adopted by the First Committee on February 28 by a vote of 39 to 25, with 9 abstentions, and was considered by the General Assembly at its 664th plenary meeting on the same day. Before putting it to a vote, the President of the General Assembly noted the precedent of a two-thirds majority vote having been required on a draft resolution on the same subject at the ninth session in 1954, and the same rule was applied without objection. The draft resolution was rejected through failure to receive a two-thirds majority; the vote was 40 to 25, with 13 abstentions. Both in committee and in plenary session, the United States did not participate in the debate and abstained on all votes.

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215. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, March 2, 1957—7 p.m.

2214. Reference Deptel 1372[2] and mytel 2206.[3] I had 30-minute farewell audience with President Sukarno noon today. After amen-

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[1]Source: Department of State, Central Files, 756D.00/3–257. Secret; Priority.

[2]Telegram 1372 to Djakarta, February 25, instructed Cumming to speak to Sukarno and "review in detail Communist tactics of disruption and disastrous consequences Czechoslovakia and other European countries. Agree desirable point up clear relationship between Communist activities last few days Djakarta and similar activities directed from Moscow in European countries. You may also refer to incidents anti-foreignism." (*Ibid.*, 756D.00/2–2557)

[3]Telegram 2206 from Djakarta, March 2, summarized a conversation between Cumming and Subandrio during which Cumming "expressed concern over unhappy consequences to Indonesia of admission Communists to participation in Indonesian Government affairs and recorded with him orally fact that this was made under instructions." (*Ibid.*, 756D.00/3–257)

ities including presentation of autographed album of his collection of paintings Sukarno plunged into business by asking me my reaction to recent events. I said that I welcomed his question as I was under instructions to give him with the friendliest objective and with no implication of injecting directly into Indonesian internal affairs an expression of our concern, based on experiences in many parts of the world, over the consequences to Indonesia of admission of Communists into Cabinet and inner circles of government.

I said that speaking as his brother and as an American Ambassador with most friendly feelings toward him personally and the Indonesian people, I could not reconcile in my own mind his life-long struggle to free Indonesia of foreign control with his advocacy of admission of PKI to the Cabinet. I said that all other Indonesian political parties were basically national indigenous parties but that the Communist Party, despite professions of its leaders to the contrary, must take orders directly or indirectly from foreign government. I said that it was a well known tactic of Communist parties to try to identify themselves with whatever political movement happened to be dominant in a country, that that in my opinion was why the PKI has seized on his concept almost as if it were their own and were making every attempt to identify themselves with the nationalist movement. Sukarno said he appreciated my frankness but he felt that it was possible for him by bringing the PKI to the Indonesian family table to convince them in the long run that they must be Indonesians first and break any connection they might have with Moscow and Peking. He referred to Tito and Mao Tse-tung the latter of whom he considers to be operating free of Moscow influence and to Aidit's public statement day before yesterday that Comintern had been abolished and that the PKI sought nationalism in its purpose and aim.

Continuing Sukarno said that I might assure President Eisenhower that he gave me his solemn oath that he was not a Communist, that no action or policy of his would be hostile to the US and that if at any time the PKI departed from their Indonesian nationalism he would crush them as he did at Madiun. He repeated this two or three times in slightly different versions.

I said I was glad to hear his emphatic statement but again speaking as a brother I must earnestly ask him not to be deluded by what Communists say and to keep close watch through his security service to see that Communist actions conform to their professions of independence of Moscow. He said that whenever he had evidence at hand that Indonesian Communists were taking orders from Moscow or working Soviet and Chinese rather than Indonesian interests, he would "crush them". He then said he had evidence that some Islamic leaders had direct connections with the Darul Islam which was in his

opinion as much a foreign controlled movement as I had said was the Communist.

Repeating that no action of his should be hostile to the US he said that he was very anxious to expedite as much as possible the matter of obtaining arms and military equipment from the US. I explained that the delay had been largely due to the Indonesian side and that only this morning I thought that Subandrio and I had straightened out the last technical detail which would permit our examination of Indonesian requirements to see what the possibilities were (mytels 2204, 2205[4]). He expressed pleasure and repeated that this was a matter he wished given highest priority.

At the conclusion of the conversation he brought in his son Guntur to say goodbye and told me that he was still planning to send Guntur to the US to complete his education when he was old enough to be on his own.

Comment: Foregoing conversation reveals very clearly the blind spots in Sukarno's thinking but is not entirely discouraging. Bearing in mind that he is Javanese and therefore almost always open to compromise, nothing in what he said definitely excludes the possibility of his agreeing as hoped by Subandrio in my conversation with him this morning (mytel 2206) to "acquiescing in the will of the people" to some formula which would keep PKI out of Cabinet if not out of Advisory Council. His remarks also obviously suggest the advisability of careful study of methods by which we can get to Sukarno personally, although some risks may be involved, concrete evidence of direct connections between Moscow–Peking and PKI party and individual leaders.

Cumming

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[4]Telegrams 2204 and 2205 from Djakarta, March 2, related to continuing negotiations concerning the final form of the Indonesian assurances necessary to meet U.S. legal requirements for the purchase of U.S. military equipment (see telegram 1863, Document 206). Telegram 2205 reported Indonesian concern to avoid "premature revelation text of note and exacting nature of assurances given which might have serious political consequences here." (Both in Department of State, Central Files, 756D.56/3–257)

216. Report by the Intelligence Advisory Committee[1]

Washington, March 5, 1957.

THE SITUATION IN INDONESIA

1. On March 2 the Commander of Territory VII in Eastern Indonesia[2] proclaimed martial law, designated military governors for the four provinces within his command (Celebes, Moluccas, Lesser Sundas and West New Guinea), and presented an ultimatum to the Djakarta government. In addition to greater regional autonomy and the retention of seventy percent of the revenues of the provinces, which would be used for economic development within his territory, he made additional demands with respect to governmental changes proposed earlier by President Sukarno. On March 5 he demanded that Prime Minister Ali resign and stated that Communists would not be tolerated in the government.

2. These events in Eastern Indonesia are the latest in a series of bloodless insurgencies which have seen army commanders, apparently supported by civilian elements, take over the North, Central and South Sumatra provinces in defiance of the Djakarta government. They have all demanded a greater degree of autonomy, but have given no indication of an intent to quit the Republic. Some have declared a loyalty to President Sukarno but have made it clear that they oppose the present cabinet. Earlier, in the period from August to November 1956, coups planned by Army elements in West Java apparently were thwarted by the government.

3. Developments in Eastern Indonesia and Sumatra are all symptomatic of increasing unrest in the Indonesian Army and of growing regionalism in areas outside Java. Poor living conditions for the troops, outmoded equipment, and a cumbersome organization have drawn the criticism of some Army leaders. Repeated appeals to the government for funds to carry out improvements in the Army have met with little effective response, while the incidence of corruption in high places has destroyed the faith of many Army leaders that conditions would improve.

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[1]Source: Department of State, PPS Files: Lot 67 D 548, Indonesia. Secret. No drafting information is on the source text. Sent to Goodpaster, the Secretaries of State and Defense, Chairman of the Joint Chiefs of Staff, and the President's Special Assistant for National Security Affairs with a covering memorandum from Allen Dulles, Chairman of the Committee, that noted that the Committee discussed the situation in Indonesia on March 5 and considered it important enough to be brought to the recipients' attention. Copies were also sent to Secretary Dulles and other senior officers of the Department of State with a memorandum of March 6 from W. Park Armstrong. The source text is the copy sent to Bowie.

[2]Lieutenant Colonel Ventje Sumual.

4. At the same time Army commanders in the areas outside Java are influenced by growing pressure from the population for increased local control of government and finances. This pressure has resulted from the failure of the central government to bring about improvements in communications, school facilities and living standards—all of which had been among the objectives of the revolution against the Dutch. The feeling that the government administration is dominated by the Javanese, and that the outlying provinces are not receiving economic benefits commensurate with their contributions to the government's revenues have added to regional sentiment. In acting as they did, Army leaders have not only served their own interests but appear to have expressed the views of a substantial part of the Indonesian people.

5. Partly in answer to growing disaffection and perhaps influenced by impressions gathered during a visit to the Soviet Union and Communist China during the fall of 1956, President Sukarno made public on February 21 his "concept"of a new organizational form for Indonesian democracy. He would establish a national council representative of all parties in the parliament but augmented by delegates of functional sectors of society, including veterans, laborers, and the armed forces. The council would give "advice," apparently mandatory, to Parliament and to the cabinet, which again would be representative of all elements in Parliament. In outlining his plan, Sukarno, obviously harking back to the nationalist unity which prevailed during the independence struggle, held that opposition was the key to the failure of parliamentary democracy in Indonesia and that elimination of an opposition by inclusion of all elements in the government would ensure its success.

6. Because the Indonesian Communist Party would have official status in the government for the first time since Indonesia became independent in 1949, Sukarno's plan has had a mixed reception. It has also been pointed out that the proposals offer little hope of dealing with the problems of growing regional feeling. Only two of the major parties support Sukarno's proposal, the Nationalist Party, albeit reluctantly, and the Communists. Impressed by the reluctance of the other parties to support him, Sukarno has announced that he would study counterproposals, thus holding out the hope of eventual adjustment or compromise.

Possible Developments

7. The immediate course of events is unclear. In view of the Indonesian faculty for compromise and the fact that only one of the political parties, the Masjumi, has flatly opposed Sukarno's plan, perhaps the most likely short-term outcome is some accommodation of conflicting positions. Sukarno's proposed council might be given a

purely advisory function, the role of the Communists might be limited to this council, and some means of temporarily accommodating regional interests may be found.

8. However, a compromise solution is not likely to satisfy for long the pressures for a greater degree of regional autonomy, the complaints of the Army, or Sukarno's impatience with parliamentary processes and party politics. These circumstances, taken in conjunction with Sukarno's willingness to accept Communist support, will continue to offer excellent opportunities for the Communists to improve their position and have the potential of leading to major civil disturbances, an attempted coup d'etat, or political fragmentation of the Indonesian Republic.

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217. Editorial Note

At a meeting of the National Security Council on March 6, Director of Central Intelligence Allen Dulles commented on Indonesian developments as follows:

"The Director of Central Intelligence referred initially to the latest developments in Indonesia, particularly the revolt in the eastern islands. He also referred to the problem created by Sukarno's desire to impose an Advisory Council. Sukarno was now saying that in view of the resistance to the introduction of Communists into the Indonesian Government, he would compromise to the extent of admitting Communists into the new Advisory Council while continuing to exclude them from the Cabinet. Mr. Dulles pointed out that this was no real concession by Sukarno if it turned out that the Advisory Council actually ran the Cabinet. Mr. Dulles believed that there were two possibilities facing Sukarno. He might fail altogether and have to make further compromises; or he may have a reasonably complete success, with the result that many of the non-Javanese islands would break away from the control of the Central Government. Pointing out that the Communists in Indonesia desired a centralized government because it made it easier for them to effect control, Mr. Dulles said that this might ultimately raise a policy question for Council consideration—namely, our attitude toward federalism as opposed to centralization in Indonesia." (Memorandum of discussion by Gleason, March 7; Eisenhower Library, Whitman File, NSC Records)

218. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, March 8, 1957—3 p.m.

2283. Counselor and Chief Political Section[2] saw Subandrio this morning to clarify further addition words "or services" (Department telegram 1430[3]). Subandrio said he had just discussed matter again with Prime Minister who, recalling that Ambassador Cumming had said that assurances already given in notes January 10[4] and February 18[5] were satisfactory (Department telegram 1390[6]) and because some in army are complaining that US delaying implementation, hoped we would give written reply stating (a) assurances satisfactory; (b) reason for addition words "or services" is to cover reimbursable training in US; (c) our desire Indonesians consolidate two notes into one; (d) that with assurances already provided now possible proceed with discussion list of Indonesian requirements.

Request Department's approval therefore send following note to Foreign Office:

Reference their notes January 10 and February 18, restate our understanding these notes as outlined Department telegram 1390 and state that if our understanding correct assurances satisfactory and I am authorized to discuss list of requirements with understanding no commitment on either side involved in such discussions.

State also that in order to remove any obstacles to transactions which might take place under assurances propose addition of words "or services" following words "military equipment" in Indonesian note of January 10; words "or services" being desired to cover extension of training instruction in service schools in US at Indonesian Government's request for which payment would be required and

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[1]Source: Department of State, Central Files, 756D.56/3–857. Secret; Priority. Allison assumed charge of the Embassy on March 7.

[2]Charles Nelson Spinks.

[3]Telegram 1430 to Djakarta, March 4, stated that the United States wished to include the words "or services" in the Indonesian assurances in order to enable Indonesian officers to attend courses at U.S. service schools for which the payment of tuition was required. (Department of State, Central Files, 756D.56/3–357)

[4]See footnote 4, Document 206.

[5]The February 18 note from Subandrio to Cumming stated with reference to the first paragraph of the January 10 note, that it was "self evident" that as a U.N. member Indonesia interpreted the term "legitimate national self-defence" within the scope of the U.N. Charter as excluding an act of aggression against any other state. (Enclosure to despatch 417 from Djakarta, February 26; Department of State, Central Files, 756D.56/2–2657)

[6]Telegram 1390 to Djakarta, February 27, stated that Cumming could inform Subandrio that the Indonesian assurances were satisfactory, but telegram 1396 to Djakarta, February 28, requested the insertion of the words "or services" and the combination of the assurances in one Indonesian note. (*Ibid.*, 756D.56/2–2657 and 756D.56/2–2857, respectively)

which otherwise would not be available. Also propose that for convenience notes of January 10 and February 18 be combined in one note.

Comment: I know Ambassador Cumming had hoped to have this "tied up" before he left. From my discussions with him about this matter in Singapore and from my review of files and discussion with staff here I believe it is in our interest as well as Indonesia's to pin down as soon as possible that much of agreement on reimbursable assurances as already provided. In present uncertain political situation in which army daily playing more important role, I believe it extremely important that those in government and in army who wish to secure military equipment from US be assured some possibility open to them. I do not believe this will preclude later amendments to assurances should requirements or requests arise which assurances already given would not cover. This government's position is shaky. Sukarno will probably announce further on his concept next week possibly affecting Ali's ability act, and I feel time is of essence if we are to avoid risk losing ground Ambassador Cumming gained working with this government.

Request urgent reply.[7]

Allison

[7]Telegram 1473 to Djakarta, March 8, concurred. (*Ibid.*, 756D.56/3–857) The letter outlined in telegram 2283 was sent on March 11 from Spinks to Subandrio. A note from Subandrio to Allison, dated March 14, stated the Indonesian assurances in final form. (Enclosures to despatches 457 and 469, March 12 and 14; *ibid.*, 756D.56/3–1257 and 756D.56/3–1457, respectively) The sentences embodying the assurances were quoted in notes signed in Djakarta on August 13, 1958, effecting an agreement on the sale of military equipment, materials, and services; for text, see 9 UST 1149.

219. Memorandum of a Conversation, U.S. Delegation Office, Parliament House, Canberra, March 13, 1957, 9:30 a.m.[1]

PARTICIPANTS

The United States	*Australia*
The Secretary	Mr. Casey
Mr. Robertson	Mr. Tange
Mr. Reinhardt	
Mr. Peterson[2]	

[1]Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Prepared by the Delegation to the Third Meeting of the SEATO Council. The source text is headed "Extract of Memorandum of Conversation"; the document from which it was extracted was USDel/MC/9, dated March 19, which recorded the entire conversation. (*Ibid.*, Conference Files: Lot 62 D 181, CF 851)

[2]Avery F. Peterson, Chargé of the Embassy in Canberra.

SUBJECT

Indonesia

Mr. Casey thought current news from Indonesia was bad from the point of view of stability. South Borneo seemingly had gone the same way as the Celebes and Sumatra. He thought this strengthened the Australian case for maintenance of Dutch control in West New Guinea. The situation in Indonesia made it necessary that the Dutch hang on.

The Secretary thought the Dutch should hang on. He said the U.S. had taken a neutral position on the West New Guinea issue for tactical reasons but he thought the Dutch should stay. The Secretary said that from the standpoint of stability, the situation in Indonesia posed some problems. The Secretary questioned whether the Indonesians had the political skill to hold the archipelago together. He was doubtful. He would hold an open mind but be prepared for some form of loose-jointed federation.

Mr. Robertson pointed out that the leaders of the revolt were anti-Communist and among other things protested the proposal of Sukarno to include Communists in his cabinet. Sukarno was much impressed with Mao Tse-tung's "Controlled Democracy", but his "trial balloon" of such a system for Indonesia was vigorously opposed by the entire non-Communist press.

The Secretary said the revolt also was against the economic "milking" by the central government of island areas which desired some independence. He thought that if the Indonesian governmental structure failed, the West should be in a position of shaping the sort of government structure which would follow. In this sort of operation, the Communists were past masters and would be competitors.

220. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, March 14, 1957—4 p.m.

2324. Reference Deptel 1492.[2] Ali Cabinet returned mandate to Sukarno today. According Palace source President will ask Cabinet to continue in caretaker capacity, thus no real change except belated admission its lack of authority. (Yesterday reported from Kalimantan that council headed by acting Territorial Commander Hasan Basry had assumed authority for government there and other local councils have formed and are discussing similar action in Jogjakarta, and Bandung.)

Subandrio told me this morning Sukarno would continue Ali Cabinet in caretaker capacity, declare martial law throughout country and appoint new Cabinet in about week. He did not elucidate further.

Sukarno continues adamant against inclusion Hatta. According Palace source he avoids seeing anyone who recommends inclusion Hatta. This source told Embassy officer today that Sukarno now contemplating Cabinet along lines previous Ali–Arifin (PNI–NU) excluding both PKI and Masjumi but including Communist sympathizers, and National Council with solid provincial representation. (These points verified other sources.) Source said he had proposed to President Cabinet headed by Sukarno and Hatta and composed of all previous Prime Ministers and Vice Prime Ministers (with Communist replacement for dead ex-Premier Sjarifuddin) which President had received with cryptic comment "not bad" and which he might use as "last resort".

Sukarno has met several times this week with Joint Chiefs of Staff and National Security Council raising widespread speculation that Sukarno contemplating declaration nation-wide martial law. Nasution has called for meeting all territorial commanders in Djakarta March 16. Fact Sukarno will be out of town for appearance Siantar (mytel 2308[3]) indicative he is not yet ready attempt rule country through army. Sukarno's trip to North Sumatra and visits he contemplates later to Palembang and Padang, according above source, indication he still hopes split forces in Sumatra and weaken opposition to him there.

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[1]Source: Department of State, Central Files, 756D.00/3–1457. Confidential

[2]Telegram 1492 to Djakarta, March 12, requested the Embassy's assessment of the current political situation and its estimate of future developments. (*Ibid.*, 756D.00/3–1257)

[3]Telegram 2308 from Djakarta, March 13, reported that Sukarno was scheduled to go to North Sumatra that weekend to speak to a meeting of Christian groups, apparently to try to win support for his "concept." (*Ibid.*, 756D.00/3–1357)

In this still highly fluid situation in which Sukarno apparently listening to everyone but Hatta and Hatta's supporters only one factor constant, namely, Sukarno alone holds answer. Evidence of dangerous and uncontrolled forces which are attempting tip scales one way or other is report carried *Sulah Indonesia* day before yesterday that something important would happen in next 24 hours. According knowledgeable source this "something" was plan by Sukarno's supporters Chairul Saleh, Achmadi, Hanafi, and others to kidnap Nasution and Gatot Subroto, Chief and Deputy Chief Army, because they had persuaded Sukarno last week to write letter to Hatta proposing meeting. Would-be kidnapper planned install pro-PNI Bambang Supeno as Chief Staff but latter refused and plan fell through.

Reliable estimate outcome this situation nearly impossible now but following factors will strongly influence future developments:

1. Sukarno's refusal accept Hatta and near stalemate between his PKI supporters and Masjumi opposition will probably lead him to try to set up government led by PNI and NU. He may by declaration martial law throughout country try win army support.[4]
2. Sukarno apparently underestimates strength defiance and overestimates his own influence in outer provinces. His visit to Siantan this weekend may have healthy influence on him this respect. Nevertheless, he apparently now hopes to cope with provinces by forming national council in which provinces widely represented and which may for time produce semblance national unity.
3. With military commanders now exercising authority in all areas outside Java, army will soon be governing by default everywhere unless Sukarno can restore central civil authority to which provinces will respond. Except for lack of single, determined figure who can rally behind him various territorial commanders, army is de facto supreme authority now and trend is toward an increase in its power. While most informed sources question Nasution's ability effect united, disciplined army Nasution has avoided alienating key territorial commanders and, even, Simbolon and Z. Lubis whom Ali government labeled traitors.

Unless Sukarno can find effective combination for Cabinet therefore, and bends to will outside provinces, Masjumi, et cetera, to include Hatta, army appears only hope on horizon for holding country together–and patriotism army commanders may catalyze them into semblance unity. Such development would not necessarily eliminate continued position and influence Sukarno who has carefully avoided public words or actions condemning territorial commanders as have they with respect to him.

Allison

[4]Telegram 2325 from Djakarta, March 14, reported that Sukarno had announced that day that he was establishing a "state of war and siege" (full martial law) throughout Indonesia. (*Ibid.*, 756D.00/3–1457)

221. Memorandum of Discussion at the 316th Meeting of the National Security Council, Washington, March 14, 1957[1]

[Here follow a paragraph listing the participants at the meeting and item 1.]

2. Significant World Developments Affecting U.S. Security

[Here follows discussion of subjects unrelated to Indonesia.]

Turning to the situation in Indonesia, Mr. [Allen] Dulles indicated that the Ali Cabinet had resigned yesterday, a move which was not unexpected. Meanwhile the process of disintegration has continued in Indonesia to a point where only the island of Java remains under the control of the Central Government. The armed forces of all the outlying islands have declared their independence of the Central Government in Djakarta, but they will in all probability confer very soon with the government authorities in Djakarta. So whatever it was, this could not be described as an irrevocable revolt. In the meantime, Sukarno was negotiating very adroitly. He has a new proposition to make which may well be offered in his radio speech today. The main points in the new proposition would be (1) an Indonesian cabinet without Communist participation, (2) an Advisory Council with one Communist in it, and (3) a whole new body—a National Economic Planning Board, which would be chaired by former Vice President Hatta.

The main policy problem presented to the United States by recent events in Indonesia was, according to Mr. Dulles, what we should do in the event that Sukarno proves unable to pull the situation together and all the outlying islands break away from Java and become independent entities. There was also a lesser possible problem which would develop if Sukarno permitted a government in the island of Java in which the Communists exerted a heavy influence. . . .

. . . . . .

Mr. Cutler pointed out that the policy . . . had been adopted by the Council at a time when it feared that as a result of the war in Indochina, Communist influence might spread south and engulf Indonesia. In point of fact, the developments in Indonesia at the present time were quite different. Mr. Cutler then called on General Twining to indicate to the Council anything that he might know with respect to the activities of our armed forces in the general area

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[1]Source: Eisenhower Library, Whitman Files, NSC Records. Top Secret; Eyes Only. Drafted on March 15 by Gleason.

of Indonesia. General Twining replied that there were at present no U.S. forces in the immediate area of Indonesia. However, CINCPAC had plans for military operations if such operations were required . . . .

Secretary Wilson stated that Admiral Stump had wired for guidance[2] . . . . The President pointed out that the first thing to do was to make clear to Admiral Stump our view of what is actually happening in Indonesia, and particularly that the trouble there was essentially anti-Communist in inspiration rather than Communist. The President went on to indicate that we would be up against a very tough problem if we ever had to face the contingency of recognizing several governments in the Indonesian area. Mr. Dulles predicted that rather than face such a likelihood, Sukarno would compromise. The President repeated that Admiral Stump at the very least deserved to understand the situation in Indonesia as we here in Washington see it. . . .

The National Security Council:[3]

a. Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to the attempted assassination of President Batista of Cuba; developments in Hungary and Poland; and the situations in the Middle East and Indonesia.

b. Noted the President's statement that the Joint Chiefs of Staff should arrange consultation with CINCPAC to ensure that there is a mutual understanding of the current situation in Indonesia, which does not at this time appear to require military action (other than continued planning) to implement paragraph 12 of NSC 5518.

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretary of Defense for appropriate action by the Joint Chiefs of Staff.

[Here follows discussion of the remaining items.]

S. Everett Gleason

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[2]Not further identified.

[3]The following paragraphs constitute NSC Action No. 1681. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1957)

222. Letter From the Ambassador in Indonesia (Allison) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Djakarta, April 8, 1957.

DEAR WALTER: I attach a memorandum of a conversation we had today with Kalb of the *New York Times*[2] who just returned from Sumatra where he saw Simbolon, Hussein and the leaders of the Banteng group, the core of the Sumatran resistance to the Central Government. Kalb's impressions, other reports of continued and in some cases growing defiance in the outer provinces together with growing evidence that Sukarno either fails to realize the extent and strength of this defiance or has developed a hitherto uncharacteristic inflexibility, convince me that we are, unless the situation changes some, going to have to decide whether we can afford to continue to ignore the leaders in the provinces. I would not suggest at any point in the foreseeable future that we take a stand against Sukarno and risk the emotional ire that this would arouse from his supporters through the archipelago, particularly the millions among the Javanese who regard him as almost divine. But the defiant groups in the cuter provinces are the principal source of political strength of the political leaders in Djakarta who oppose the introduction of Communists into the Indonesian Government. To the extent that Indonesia is vital to the U.S. it seems to me vital also that this non- and increasingly anti-Communist group not be defeated.

Furthermore, I assume that the most vital part of Indonesia from a strategic standpoint both of the raw materials (oil, rubber, tin) and geographical location (small boat trip from Malaya) is Sumatra. Communists have, in the regiment centered in Siantar under the command of Col. Makmour[3] and some 1800 armed laborers who are under Communist domination, the beginnings of an armed base. The rest of Sumatra is under control of army commanders clearly anti-Communist who have the backing of the majority of their troops and of the local population, according to the best evidence available to us. Recent reports from South Sumatra have been disturbing in their indication that the Central Government is trying to infiltrate into South Sumatra troops who will oppose and if possible unseat the commander there. After the unseating of Simbolon in North Sumatra

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[1]Source: Department of State, Central Files, 756D.00/4–857. Top Secret; Official–Informal.

[2]Bernard Kalb.

[3]Lieutenant Colonel A. Wahab Macmour, commander of the East Sumatra regiment, one of the four regiments of the North Sumatra command.

with the results described above, this might be catastrophic, if successful.

The Dutch and British Embassies are afraid that conflict may break out in South Sumatra. The PKI and the left-wing PNI have been urging the Central Government to take strong action against Barlian.[4] According to some good sources, Prime Minister Ali and Air Force Commander Suryadarma have been among those advocating the use of armed force against the Sumatran rebels.

. . . . . .

Kindest personal regards.

Sincerely yours,

John Allison

[4]Lieutenant Colonel Barlian, territorial commander in South Sumatra, assumed control of the province on March 9.

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223. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 11, 1957—5 p.m.

2533. Sukarno received me today and I initiated general discussion Indonesian situation pleading my own ignorance and desire to learn. Sukarno opened by asserting his strong desire that Indonesia be friendly toward US then launched into strong criticism US policy on West Irian pointing out that USSR provides strong public support but that he can not counter conviction by many Indonesians that US while claiming to be anti-colonial is not when she abstains in UN on West Irian. He asserted Indonesia only claiming what is rightfully hers. "In one speech I could turn Indonesia over to warm friendliness toward the US if I could state that US supports Indonesia's claim to West Irian," Sukarno said.

I was politely noncommittal on West Irian and turned conversation to Cabinet.[2] Sukarno voluntarily raised charge of communism

[1]Source: Department of State, Central Files, 756D.00/4–1157. Confidential. Repeated to The Hague and Canberra.

[2]A new Cabinet, selected by Sukarno and headed by Djuanda Kwartawidjaja, assumed office on April 9.

against Prijono[3] and other members Cabinet (my telegram 2505[4]). "Prijono is no communist. Left-winger yes, I am left-winger but I assure you I am not a communist. Neither is Hanafi[5] nor Saleh.[6] All left-wingers but not communists," Sukarno repeated several times.

He said Cabinet's relationship with Parliament would be normal and that Parliament could vote Cabinet out though he hoped it would not. He said new Cabinet position Ministry Inter-Indonesian Relations quite important. He said good deal discontent and misunderstanding in provinces over alleged mal-division state [garble] which required better liaison between center and provinces. Minister's job would be to visit provinces, find out what they want, bring these points to attention Cabinet and return to provinces to inform them what practical and possible.

He said while Cabinet link with Parliament National Council would be link with people, Council would bring to Cabinet advice, based on knowledge feelings among people, which Cabinet could accept or reject. Council's function purely advisory.

Sukarno stressed in discussion Cabinet his appointment "very good friend of US" in Prime Minister Djuanda.

Sukarno did not mention Hatta or territorial commanders though said he was distressed with Masjumi action expelling Minister Communications Noor.[7]

Other subjects discussion reported in following telegrams.[8] Sukarno cordial, pointed and apparently self-assured amidst trouble around him. I was impressed with his immediate emphasis on West Irian issue which in large part was exactly same approach as made to me on visit here in 1952.[9]

Allison

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[3]Minister of Education and Culture.

[4]Dated April 9, not printed. (Department of State, Central Files, 756D.13/4–957)

[5]A.M. Hanafi, Minister without Portfolio for Mobilization of People's Energies for Development.

[6]Chairul Saleh, Minister without Portfolio for Veterans' Affairs.

[7]Pangeran Noor, Minister of Public Works and Power in the new Cabinet.

[8]Telegram 2535 from Djakarta, April 11, reported that Allison had expressed concern about the safety of Americans in Sumatra and that Sukarno had assured him of the Indonesian Government's concern for their safety. (Department of State, Central Files, 256D.1122/4–1157) Telegram 2537 from Djakarta, April 11, reported that Sukarno, recalling that during his visit to Washington he had invited President Eisenhower to visit Indonesia, had again expressed the hope that Eisenhower could do so. Allison had given him no encouragement, but commented to the Department that such a visit, although he realized it was probably impossible, would be of "inestimable value". (*Ibid.*, 711.11–EI/4–1157) A letter of May 7 from Eisenhower to Sukarno expressed regret that the President was unable to accept the invitation. (*Ibid.*, Presidential Correspondence: Lot 64 D 174)

[9]Allison, then Assistant Secretary of State for Far Eastern Affairs, visited Indonesia October 14–16, 1952.

224. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 15, 1957—2 p.m.

2566. During courtesy call on Subandrio this morning to congratulate him on becoming Foreign Minister he discussed at some length what his foreign policy would be. Subandrio prefaced his remarks by stating that if present Cabinet did not succeed it would in all probability be last "democratic" Cabinet. If this Cabinet should fail it would be followed either by military or political dictatorship in his opinion.

With above as starting point Subandrio went on to say that chief job of new Cabinet was to preserve and strengthen democracy in Indonesia. As regards foreign policy this means less academic policy than in past. While continuing "independent active" policy of his predecessor, Subandrio believes much more attention must be paid to economic and practical aspects of policy which can be demonstrated to mass of people as contributing to advancement of their living standard. This meant he would wish to know more about US aid programs and that he would favor continuance and perhaps an increase in technical assistance and exchange of persons programs. Subandrio also said he favored spreading aid programs out from Djakarta to surrounding areas and provinces. In his opinion problem in provinces is primarily economic and only secondarily political. If present govt can convince people throughout Indonesia that it is interested in their welfare and is taking concrete steps to raise standard of living of all, not just Javanese, Subandrio thinks Communist problem will not arise in acute form. Insofar as possible his foreign policy will be dedicated to that end.

Subandrio gave every evidence of being sincere in his statements and I believe he genuinely wants to work closely with US.

However, as is true of [garble—many?] govt leaders here his approach to Communist problem is often naive. Nevertheless, until such time as it proves impossible to do so, I believe we should cooperate with him on his economic approach to foreign policy.

Allison

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[1]Source: Department of State, Central Files, 756D.00/4–1557. Confidential.

225. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, April 27, 1957—2 p.m.

2664. Reference Toica 1118.[2] FonMin called me in this morning to say that Mukarto had been authorized to sign loan agreement along lines mentioned in reference tel. Subandrio expressed strong hope that speedy Washington approval could be obtained.

From general context of discussion with FonMin which covered other matters also it was apparent that Subandrio hopes that conclusion of practical agreements with US will go far to convince Sukarno and left-wing leaders of PNI that it is more profitable to rely on American than on only Soviets or Commie China. Subandrio is frank to state that they not advocating "American way" for Indonesia but he does not on other hand wish Indonesia to fall into "Communist way" by default. What he hopes to produce is an "Indonesian way".

Subandrio said visit of Djuanda to Sumatra had on the whole been beneficial and that both of them were agreed that large portion of foreign aid or loans should be used in provinces.

I believe our prompt agreement to signing of loan along lines of Toica 1118 would be in our long term interest.[3]

Allison

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[1]Source: Department of State, Central Files, 756D.5–MSP/4–2757. Confidential; Priority.

[2]Toica 1118 from Djakarta, April 25, concerned negotiations for an agreement under which Indonesia would receive a $15 million credit for purposes of economic development from the International Cooperation Administration. (Washington National Records Center, ICA Message Files: FRC 58 A 403, Djakarta)

[3]Telegram 1786 to Djakarta, April 30, informed the Embassy that the agreement had been signed in Washington that day. (Department of State, Central Files, 756D.5–MSP/4–2757)

226. Editorial Note

At a meeting of the National Security Council on May 2, Allen Dulles commented on developments in Indonesia as follows:

"Mr. Dulles pointed out that [Soviet Head of State Marshal Kliment E.] Voroshilov was making a state visit to Indonesia. There were 60 people in his retinue, and the visit was to consume 19 days. One obvious purpose of the visit was to undercut Indonesian resistance to the $100 million credit which had been offered to Sukarno

when he visited Moscow last year. The Soviet offer had not yet been ratified by the Indonesian Parliament.

"Mr. Dulles indicated that there had been no change in the opposition of the rebels in the non-Javanese islands of Indonesia. The outlook was one of continued deadlock. . . .

"Secretary Herter commented that the State Department was rather encouraged by the unfolding of the make-up of President Sukarno's new Cabinet. While there were three or four pro-Communists or fellow-travellers, they occupied rather minor Cabinet posts. The more important posts had been given to individuals in which we could have some degree of confidence." (Memorandum of discussion by Gleason, May 2; Eisenhower Library, Whitman File, NSC Records)

In NSC Action No. 1709, taken at the meeting, the Council "noted and discussed" an OCB Progress Report on United States policy on Indonesia. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1957) Gleason's memorandum contains no summary of this additional discussion. The Progress Report, dated April 3, reported developments from October 10, 1956, through April 3, 1957. (*Ibid.:* Lot 63 D 351, NSC 5518 Series)

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227. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 9, 1957—1 p.m.

2744. Following is summary of principal points developed by Prime Minister Djuanda during course of 35 minute discussion this morning.

Situation in Sulawesi is more serious than in Sumatra but at present looks as if local leaders there will agree to central government plans for reorganization of provincial military setup (see Embassy telegram cite C–46, ARMA 040511 giving report from Army Attaché[2]). Djuanda said he believed that Lt. Colonel Sumual was in

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[1]Source: Department of State, Central Files, 756D.00/5–957. Confidential.

[2]Telegram C–46 from the Army Attaché in Djakarta, May 4, reported that Nasution had relieved Sumual of his command in Eastern Indonesia; it commented:

"Gen Nasution has made decision with far-reaching effects. If order is obeyed, Nasution has slowed and maybe stopped the independent actions of commanders like Sumual and Hussein. If Sumual chooses to fight this order, then results could be deadly not only to Army but Indonesia as nation. Revolt by Sumual, coordinated with move by Hussein on Sumatra, could throw Indonesia into civil war. During past crisis Army headquarters has always appeared calm, but during this visit officers appeared nervous and atmosphere tense." (Department of Defense Files)

fact glad to get out of position he found himself in as result of March 2 declaration. While leaders in Sumatra had made many public statements about their demands on central government they had not strongly pressed these demands in private talks with Djuanda when he visited them last month. Most public statements were largely for record and to maintain prestige. They said to public that Banteng Council must be recognized but in private talks this was only mentioned at end when Djuanda was asked: "Are you against the Banteng Council?" His reply was: "No, I am not against it. I think it has served a useful purpose in channeling the desires of the people and making clear their complaints. I recognize the validity of many of these complaints and the government will take practical steps to meet them. However, you cannot expect me officially to recognize the Banteng Council or the numerous other councils set up around the country". According to Djuanda this was accepted and discussion was not pursued.

Earlier in discussion Sumatran leaders had stressed necessity of restoring Sukarno–Hatta leadership. Djuanda replied that no one desired this more than he did, but that for the time being this was not practical possibility. Cabinet would work out gradually practical ad hoc steps leading to this cooperation but this would take time. Sumatran leaders did not press the point.

Djuanda looks for difficulty when Parliament reconvenes in view of extraordinary manner in which Cabinet was formed. He complained that people are too impatient. "They want results in months whereas it will take years to do what needs to be done". However, Djuanda said he was not pessimistic. He believed it would be possible to convince majority of Parliament that it was in their interest to cooperate with Cabinet and to give it time to show what it can do. As Subandrio had said previously to me, Djuanda also remarked that if this Cabinet is not given chance to succeed, military will take over. He does not believe members of Parliament want this to happen and that therefore in end they will cooperate.

I received most favorable impression of a dedicated, practical man who would not get lost in theories. The contrast between Djuanda and Ali is startling and in my opinion all in favor of the former. Nevertheless I am inclined believe Djuanda's appraisal Sumatra situation somewhat optimistic in view other available information indicating continuance extreme dissatisfaction with central government. In connection Djuanda's statement concerning usefulness Banteng Council, press today reports arrest of Ramawi who is council's representative in Djakarta. Finally it must be said that Djuanda's assurances, sincerely stated though they may be, fail to take into account overwhelming impediment to solution regional problem which

is Sukarno himself whose statements continue indicate his failure recognize nature and gravity of situation.

Allison

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228. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 15, 1957—9 p.m.

2793. Deptel 1875.[2] . . . While by no means discounting continuing possibility such extreme action, Embassy disinclined consider crisis imminent. In support this thesis are recent pronouncements two most important figures involved, Hatta and Hussein. Former addressing student assembly East Java May 9 called for efforts to "construct and give substance to Indo independence" and said "differences of opinion may exist but unity must be preserved above all". In address enthusiastic crowd Palembang airport May 13, Hatta pledged his energy to development wider regional autonomy but emphasized this to be in framework national unity. Hatta appears believe his best fortunes lie with preservation RI and eventual return to services hereto.

Lt. Col. Hussein, Military Commander Central Sumatra and chairman revolutionary Banteng Council, in ceremony for installation military subordinate Central Sumatra May 10 declared aim of martial law is to stabilize government and surmount difficulties with which state now confronted. He said his objective was settlement problems between provinces and central government through economic development, improved security, decreased corruption.

Despite these statements which Embassy interprets as some tightening of reins on separatist tendencies, next few days may be significant in development events Sumatra and Sulawesi. In East Indo principal factor to consider is resistance Col. Sumual, Commander TT 7, to headquarters order to relinquish command to Jani and return Djakarta. Prime Minister Djuanda and party including Deputy Prime Minister Leimena, Home Affairs Minister Sanusi, Justice Minister Maengkom, Provincial Relations Minister Tobing and Ambassador to US Mukarto flew Macassar May 14. C/S Nasution originally scheduled accompany group, conspicuously absent, probably due his unwillingness risk loss face in confronting Sumual. Results Djuanda trip

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[1]Source: Department of State, Central Files, 756D.00/5–1557. Confidential; Priority.

[2]Dated May 14, not printed. (*Ibid.*, 756D.00/5–1457)

will be watched, but question of who controls military forces is significant one here.

In this connection Mukarto had hour's talk with me night before last after discussions with Djuanda and Subandrio. He said that while conditions not good here, nevertheless he was not pessimistic. In his opinion Sulawesi problem as well as Sumatra problem was primarily economical though political element was large. He believes Djuanda will be able if given half a chance not only to increase economic and political stability but also to guide Sukarno gradually away from present emotional bias toward extreme left. Mukarto said he would see me upon his return from Sulawesi and give me full account.

In Sumatra reception to be accorded Voroshilov in Medan (if in fact Marshal does make scheduled trip there) may be interesting since in that Moslem stronghold his visit could touch off hostile demonstrations that could easily be turned against central government.

On balance Embassy sees no imminent eruption Indonesia's volcanic political situation. However, volcanoes are unpredictable.

Allison

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229. Editorial Note

At a meeting of the National Security Council on May 17, Allen Dulles commented on developments in Indonesia as follows:

"The Director of Central Intelligence commented that the situation in Indonesia was moving close to the point of no return, although it had not quite reached this point. The position of the dissident leaders was becoming increasingly rigid. The Sumatrans were intensely angry, particularly over the decree published by Sukarno putting into effect the system of 'guided democracy' and over the arrest of the Sumatran officials in Java. Former Vice President Hatta and Natsir, the leader of the Masjumi Party, were both now in Sumatra, and the reports have it that other prominent officials will soon join them there. The new Prime Minister was in Macassar trying to pull the situation together in that area. Meanwhile, the Central Government was maintaining its previous stiff position, and the Cabinet proposed to refuse to submit to any vote of confidence in the Indonesian Parliament. Finally, Voroshilov's tour had not been a complete success. There had been many demonstrations against him.

"The President inquired whether Sukarno's complete self-confidence in the face of the revolt implied that he had a promise of outside help from some source. Mr. Dulles replied that it was hard to

see how and where Sukarno could secure the requisite help quickly. . . ." (Memorandum of discussion by Gleason, May 17; Eisenhower Library, Whitman File, NSC Records)

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230. Memorandum From the Deputy Director of the Office of Southwest Pacific Affairs (Mein) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, May 17, 1957.

SUBJECT

The Possible Break-up of the Republic of Indonesia

Recent . . . reports from Indonesia suggest a possibility that certain of the major outlying islands may be moving towards secession from the Indonesian Republic. The existence of such a possibility raises the question whether such a development would serve or would be detrimental to U.S. interests in the area. Sumatra appears at present to be the area most likely to secede, and discussion of the problem will be confined primarily to factors affecting this island.

Factors Suggesting that a Break-up Would Serve U.S. Interests

Arguments which might be advanced in support of the contention that the U.S. should regard with satisfaction, if not encourage discreetly, the separation of Sumatra and other of the major outlying islands from the Republic can be summarized as follows:

1) Communist strength is concentrated on the island of Java. The outer islands, on the other hand, are the strongholds of the religious parties, strongly anti-communist in orientation.

2) The central government follows a neutralist foreign policy and appears to be subject to leftist influences. The existence of anti-communist governments in the area might provide a useful counter-balance.

3) President Sukarno, because of his obsession with colonialism, his suspicion of the former colonial powers of Western Europe, and his apparent obliviousness to the internal and external communist menace, is at best a highly unreliable political influence. A reduction of the area under his control would be beneficial.

4) The outer islands of Indonesia, particularly Sumatra, account for a high percentage of Indonesia's foreign exchange revenues through the production of rubber, oil, petroleum, tin, and other stra-

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[1]Source: Department of State, Central Files, 756D.00/5–1757. Secret. Sent through Howard P. Jones, who initialed the memorandum and sent it to Robertson.

tegic raw materials. It would be advantageous to have the sources of such commodities under more reliable political control.

5) Sumatra, with the Malay Peninsula, dominates the Straits of Malacca, and is of great strategic importance.

Political and Economic Viability of Sumatra

It would appear at first glance that a break-up of the Indonesian Republic might provide an easy and convenient solution to basic U.S. policy problems in the area. Attractive as this idea may be, there are a number of political, economic, social, and psychological factors which raise serious doubts on the validity of such a judgment.

Political

The first and most important is the dubious viability of Sumatra as a political unit. Sumatra is, in effect, a group of separate communities in a sea of jungle. There are on the island at least five distinct, and in some instances mutually hostile, major ethnic and cultural groups, linked by land by a single circuitous paved road impassable in the rainy season. The principal economic centers, Medan and Palembang, are both linked closely to Djakarta but have few if any common ties. One area, Atjeh, has already been for the past four years in armed rebellion against the central government, and although it has been reported that a provisional understanding has been reached with the Central Sumatran leader Lt. Col. Hussein, it appears unlikely that the fanatically Moslem Atjehnese would make their peace with the staunchly Christian Bataks and submit to any inter-regional Sumatran authority. Therefore, once the unifying concept of "one people, one nation, one language" had been repudiated, and the disintegration of the republic begun, political fragmentation would be almost certain to continue below the major island level, and the U.S. would be confronted in Sumatra not with one authority, but with three or four semi-autonomous areas. Lt. Col. Hussein, the most resolute and intransigent of the regionalist military leaders, is reported to be strongly influenced by orthodox Moslem circles in West Sumatra, and allegedly has announced as a precondition for settlement with the central government the suppression of all political parties which do not believe in God. This would result in the suppression not only of the Communist Party, but also the political parties of millions of Indonesians who believe in God but also favor a separation of religion and politics. Hussein, in this regard, is closer to the fanatical Darul Islam than to the Masjumi and Nahdatul Ulama. He has not specified the manner in which this belief in God is to be expressed, but the Moslem inspiration for such a concept could hardly be reassuring to his Christian colleagues. In any case, this demand, while perhaps strengthening his position in the strongly

Moslem areas around Padang, is extreme and unrealistic in the broad Indonesian political context, and tends to establish Hussein as a leader of only limited, local significance.

Economic Viability

There are few doubts as to the long-term economic viability of Sumatra. The island is rich in proven natural resources and in undeveloped land. There would be however, a period of difficult economic readjustment should Sumatra attempt to secede from the Indonesian Republic.

For the past 100 years, the economies of Java and Sumatra have been closely integrated. Sumatra produces and exports raw materials and receives from Java rice, textiles, imported and domestic manufactured goods, and a variety of banking, insurance, export-import and other entrepot services. A break in the economic ties between the two islands would have strong, but differing, disruptive effects. On Java government finance and the money economy would suffer severely with the loss of a principal source of foreign exchange. The masses of the people, however, would remain relatively unaffected since Java produces enough rice for its own population. In Sumatra, on the other hand, the authorities would not lack foreign exchange, but the people would suffer from a shortage of food and other essentials of every day life. Entrepot services could of course be furnished eventually by Singapore, and rice could be obtained from abroad, but it would take time to establish these new supply channels, and in the meantime these local shortages would further intensify the disruptive political forces noted above.

In the absence of any bonds other than common dissatisfaction with the central government, it is doubtful further that the people in one part of Sumatra would be any more prepared to see local revenues used for the development of other parts of the island than they have in the past been satisfied to see them used for public works on Java.

Personnel Shortages

The island of Sumatra is sparsely populated, and since 1945 there has been a steady flow of the more able and ambitious young men to Java seeking the greater educational, political, and economic opportunities available to them there. Some might return to their home island, but the crippling shortage of trained professional men, administrators, and technicians which has handicapped the nation as a whole would be felt even more acutely in the outlying areas, and would adversely affect both their economic and political viability.

Psychological Factors

The idea of a single Indonesian nation was the inspiration only a decade ago for a bloody and hard-fought struggle for independence from the Netherlands. Whatever their internal differences, the vast majority of the Indonesian people, in the outer islands as well as on Java, remain loyal to this ideal. Col. Simbolon, a sincere and dedicated patriot, took action last December not to break up the Indonesian state, but in protest against government actions or lack of action which he was convinced would, if not corrected, lead to such a development. His objective was to preserve and protect the state for which he and his colleagues had sacrificed much, not to destroy it. It should be noted that the first demand of the "rebel" colonels was for the resignation of the Ali Government, and that at present their primary demand is for a reestablishment of the Sukarno–Hatta partnership, not for recognition of their independence.

All of those involved in the current crisis are not of course motivated by these high ideals, and it is inevitable that adventurers and opportunists will take advantage of the situation to further their own ambitions. In addition, once the authority of the legally constituted government has been challenged, it may be difficult for the moderate elements to remain in control of the situation. Nonetheless, it is highly doubtful that such eminent Sumatrans and farsighted patriots as Hatta, Sjahrir, and Natsir would lend their support to regionalist independence movements in their home island, and contribute to the destruction of an ideal to which they have devoted their lives.

Policy Problems for the United States

. . . . . .

During the revolutionary period the Dutch established in the outlying islands independent "republics" favorably disposed toward the Netherlands, and conferred on these "republics" status in a federal structure co-equal to that of the Republic of Indonesia, then confined to portions of Java and Sumatra. This "divide and rule" tactic was strongly resented in republican circles, and since that time the words "federalism" and "van Mook" (the Dutch official held responsible for the program) have in Indonesia connoted disloyalty if not treason. Nationalism and hostility to foreign interference, particularly from the West, are sentiments still strongly held by all sectors of Indonesian society whatever their other differences. . . . U.S. assistance to the outlying islands would unquestionably be viewed as another Western effort to divide and rule, and would not only tend to weaken popular support of the rebel leaders in their own areas, but would also alienate moderate, pro-Western elements in Java and provide the ultra-nationalists with a rallying cry of great general

appeal. There is a further strong probability that other Asia-African countries would view U.S. aid to the dissident elements in a Suez context as an effort to reimpose "Western colonialism", and that they would undertake counter-action in the United Nations or other international forums.

U.S. economic interests in Sumatra are located in areas in which are high concentrations of Javanese and other ethnic elements not in sympathy with secession. Armed resistance to a break with Java is most likely in these areas, endangering both American lives and property.

Conclusions

On balance, it would appear that a break-up of the Republic of Indonesia would not serve U.S. policy objectives in the area. It could succeed only with substantial material assistance from the United States. It would increase many-fold the problems in U.S. relations with the area. The resultant political chaos and economic dislocation would probably, in the long run, serve rather than hinder communist efforts to win control of the archipelago.

U.S. objectives could be furthered most effectively by discouraging the dissipation of anti-communist strength in the outer islands in quixotic regional rebellions, by encouraging anti-communist elements in these areas to lend their support to their colleagues and co-religionists on Java within the framework of a single national state, and by encouraging and assisting the central government to satisfy legitimate regional demands.

231. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 20, 1957—3 p.m.

2829. Joint Embassy/USOM message. Reference Embassy telegram 2804[2] and Embassy telegram 2793.[3] Although no imminent political-military crisis is foreseen Sumatra and East Indonesia continue restive. Lack of progress in economic development in provinces largely precipitated present difficulties with central government.

Local governments eagerly seek US assistance including technicians for economic development. They willing, if requested, to provide police or military protection and to assist wherever possible with local labor, transportation, etc., for new projects including diesel generators and highway projects. Central government also eager for US aid outer islands to mollify local leaders.

We believe it essential approval both central and local authorities in that order be obtained prior dispatching any US personnel to provinces. In case certain sensitive areas such as Central Sumatra this could cause some delay in implementation program those areas.

Attainment some measure economic stability is essential to bring Indonesia out of chaos and therefore constitutes important aim US policy re Indonesia. Since lack such stability is at root of current regional versus central government problems, we believe it is in interest of US to contribute toward easing tensions arising from those problems. Believe USOM program will make such contribution and urge means be provided to carry it out.

Because of stormy history and delicate aspects US-Indonesian relations with respect economic assistance, we feel substance of foregoing should be conveyed to Congress in executive session only.

Allison

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[1]Source: Department of State, Central Files, 756D.00/5–2057. Confidential; Priority.

[2]Telegram 2804 from Djakarta, May 16, reported that the latest developments in Indonesia tended to support the Embassy's view that a crisis was not imminent. It concluded:

"While political picture is unclear, with pulling and hauling of contradictory elements apparent, two facts stand out: (1) Sukarno with his frenetic nationalism unabated refuses acknowledge need calm and solid statesmanship and is primary impediment to settlement political and economic difficulties; (2) for time being important political action remains outside Parliament and that body which reconvened May 13 probably only influential in negative sense of restraining Cabinet action of which it violently disapproves." (*Ibid.*, 756D.00/5–1657)

[3]Document 228.

232. Memorandum From the Secretary of State's Special Assistant for Intelligence (Cumming) to the Under Secretary of State (Herter)[1]

Washington, May 20, 1957.

SUBJECT

Prospects for an Independent Sumatra

Attached Intelligence Brief No. 2122, "Prospects for an Independent Sumatra",[2] concludes that, despite a strong military position and substantial popular support, Sumatran dissident leaders are unlikely to declare Sumatra independent in the immediate future.

The question of Sumatra's independence has been raised by the unexpectedly swift pace of events in the area in the last nine months. In response to long-standing resentment in Sumatra at the failure of the central government to carry out development programs and as a result of personal antagonisms in the Indonesian Army, a series of bloodless uprisings began on 20 December in Central Sumatra and ended 10 March in South Sumatra. As a result of the uprisings the central government lost effective control of all of Sumatra, except for the rubber and tobacco estate area near Medan in North Sumatra.

There has been no resolution of the political-military impasse. The promulgation of an emergency decree on 8 May, establishing a National Council (a pet project of Sukarno's), appears to have led the Sumatrans to conclude that Sukarno plans to establish a dictatorship. Tension is believed to have risen higher than at any time in recent months. This tension, coupled with the presence of former Vice-President Hatta and Masjumi leader Natsir in Sumatra, has tended to lend credence to recurring but unconfirmed reports that Sumatran leaders intend to establish an independent Sumatra. However, in a speech delivered on 16 May in Central Sumatra, Hatta limited his support of the Sumatran insurgents to advocacy of regional autonomy, and by implication opposed any immediate move to establish an independent Sumatra. Dissident military leaders who shared the platform with Hatta denied any separatist intent.

Paramount considerations discouraging a Sumatran declaration of independence are: a lack of unity of purpose on the part of Sumatran leaders; their denials of intent to take action to fragment Indonesia politically; ethnic differences among the people of Sumatra; and the serious political and economic problems that would face an independent Sumatra. The central government in Djakarta may eventual-

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[1]Source: Department of State, Central Files, 756F.00/5–2057. Secret. A notation on the source text indicates that Herter read this memorandum.

[2]Dated May 17, not printed.

ly seek to relieve some of the tension with the provincial administrations by implementing an expanded program of public works, using domestic and foreign sources of capital, including US developmental aid and possible Japanese reparations payments. For the immediate future, however, the present stalemate is likely to continue.

A similar memorandum with attachment has been addressed to the Secretary.[3]

[3]A notation on the source text indicates that the Secretary's copy was destroyed in 1958 and that it bore no indication that he had seen it.

233. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, May 31, 1957—1 p.m.

2921. Foreign Minister called me over this morning to discuss question of making available reimbursable military equipment and one or two other specific items, all of which are being reported separately.[2] One of these items referred to the Cabinet decision that in view of the fact that it is now believed that state of war and siege must be maintained for several more months, it will not be possible for Navy Chief of Staff to accept Admiral Burke's invitation to visit US Navy installations. Using this as basis I asked Subandrio if he could give me his ideas on present situation and reasons back of Cabinet belief that SOB[3] must be maintained. Foreign Minister then talked for nearly one hour most frankly. Following is substance of principal points.

Djuanda Cabinet and leaders of the provinces have generally agreed on three points: (1) More autonomy must be granted provinces, (2) Democracy must be preserved, (3) Corruption must be eliminated. However, there are differences between central government and provinces as to methods of implementing the above principles and Cabinet is now attempting to resolve these differences.

It is now realized that problem is much more difficult than at first believed. When Cabinet was first formed they hoped it would

[1]Source: Department of State, Central Files, 756D.00/5–3157. Secret.

[2]Telegram 2933 from Djakarta, June 1, reported that Subandrio had asked if Allison could let him know informally and without commitment the amount of arms which the United States could supply and the general terms of payment it would expect. (*Ibid.*, 756D.56/6–157)

[3]State of war and siege.

be possible to terminate state of war and siege shortly but have now concluded it must continue for at least several more months.

The situation in Sulawesi is more critical than that in Sumatra. While Sumatra leaders have taken political stand against central government they have in general not violated central government regulations, particularly economic ones, to anywhere near the same extent as has been true in Sulawesi. Subandrio pointed out that many of the military men presently leaders in the provinces have been taken advantage of by unscrupulous businessmen and have in actual fact been involved in corruption particularly with regard to smuggling. This has definitely been the case in Sulawesi and the commanders who are guilty of this corruption will be relieved. Sumual was specifically mentioned in this connection. However, here again problem is more difficult than originally anticipated and in order to avoid complete breakdown central government must move slowly and with discretion. However, it has every intention of going ahead and when the present commanders are finally replaced they will be prosecuted for corruption. The Cabinet realizes how risky this is but believes that by working gradually they will eventually succeed. Subandrio stated that this is in large part a process of education and that the central government will try by taking more practical steps to improve the lot of the local people in the provinces to win them over to support of the central government rather than their present local military leaders. The Foreign Minister said the situation in the provinces was to some degree comparable to that which existed in the American colonies prior to our revolution. In the American case there were business leaders who because of economic regulations of the mother country were losing money and therefore opposed the English Crown while the mass of the people also opposed the Crown but for entirely different reasons, namely, the desire for more freedom and independence. However, the two groups joined together and this is what has been happening in the provinces here. The present Cabinet is aware, as he implied previous Cabinets were not, of the necessity of central government doing more for the people outside of Java both in the economic and political fields.

One of the most encouraging parts of Subandrio's discussion was his statement that Hatta is cooperating with the present Cabinet as he did not do with the previous one. While Hatta has so far refused to take over the Economic Planning Board, nevertheless, he has met with and given advice informally to various Cabinet ministers and he is giving informal lectures to members of the staff of the Foreign Office and other ministries. The Cabinet must face the reality, according to Subandrio, that at present Sukarno will not openly cooperate with Hatta but in view of Hatta's present attitude the Cabinet is hopeful that it may eventually become the vehicle for bringing

Hatta and Sukarno together again. This, too, must be done gradually without pressing the issue.

In spite of the impression given by the press Subandrio claims that the present Cabinet is also getting more cooperation from the political parties, including the Masjumi, than might be expected. This is due mainly to the realization by the party leaders that if this Cabinet fails the day of political parties in Indonesia will be gone at least for some time to come. Subandrio said most solemnly that should the Cabinet be forced out of office there would not again be a Cabinet "formateur" but that present Cabinet would be succeeded by at best a presidentially dictated government or at worst by a military junta. In the latter case Subandrio definitely implied, although he did not use the specific words, that civil war would result in view of the different factions among the military.

Subandrio stated that Sukarno attends Cabinet meetings and makes no attempt to dictate decisions. Rather, he listens to Cabinet arguments and he is talked to quite frankly by members of the Cabinet according to Foreign Minister. Subandrio gave as an example his own reply when Sukarno asked his opinion of bringing Communists into the government. Subandrio said that under present conditions it would be folly to bring members of the PKI into the cabinet because they were responsible to a foreign power and took orders from either or both the Soviet Union and Communist China. He said he did not attempt to argue against the Communist ideology but only against the fact that as of the present moment the PKI is not an independent indigenous Indonesian party.

In response to my statement that I was sure people in America were concerned at reading the number of Indonesian leaders in various fields who were being taken into custody by the military without specific charges being laid against them Subandrio admitted that this was a cause for concern. He said that former Prime Minister Ali had abdicated too much authority to Chief of Staff Nasution and that it was Djuanda's purpose to redress the balance. He recalled that Djuanda had said before Parliament that as Minister of Defense he was the final authority under the state of war and siege. Here again progress can only be made gradually but Subandrio said that it was hoped to announce next week that all persons who had been taken into custody by the military were being released unless there was sufficient evidence of corruption or other specific crime against them for them to be brought to trial by the Ministry of Justice. Should this in fact take place it will obviously have a beneficial effect on public opinion here which has recently become jittery. . . .

Subandrio concluded by saying that while the situation was serious and full of risks he was not pessimistic. His lack of pessimism was obviously based on (1) belief stated above that the political par-

ties realize that if this Cabinet goes the party system will go, too, and (2) the known reluctance of the Indonesians to initiate violence against each other and their ability to compromise.

I believe Subandrio was completely sincere and honest in what he was saying to me and if the present Cabinet can keep united in its program and push forward with it gradually, but not too gradually, I believe there is a fair chance it will pull through. My belief is also buttressed by the fact that while there remains considerable opposition to the central government this opposition is not united and there is as yet no obvious single leader under whom it could push forward against the central government. I do not look for any early change in the present situation and believe we will be faced for some time to come with backing and filling, numerous rumors of drastic action by the provinces and probably isolated cases of violence from time to time. As the situation looks today, while the present central government is by no means ideal I believe we should do what we can to help it for I am convinced that anything which follows it will be worse.

Allison

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234. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, June 1, 1957—1 p.m.

2932. Deptel 1993.[2] Embassy has endeavored to keep Department currently informed of all significant events and developments while at same time by despatch and periodic cables providing analysis and interpretation. Indonesian problem of creating and maintaining political stability is long-term one during working out of which many contradictory actions will take place. If we attempt to report every movement on political stage as it takes place there will not only be no time for anything else but there is real danger of giving false and unduly alarmist picture (such as given by most press accounts, particularly UP) which could well cause Washington agencies to take premature action which would adversely affect our interests.

As indicated my 2921,[3] present Cabinet is taking much more realistic and constructive approach to present situation than did its

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[1]Source: Department of State, Central Files, 756D.00/6–157. Confidential.

[2]Telegram 1993 to Djakarta, May 29, requested additional reporting and analysis by the Embassy of political developments. (*Ibid.*, 756D.00/5–1657)

[3]*Supra.*

predecessor. I believe it essential that we exercise patience and understanding of problems facing this infant republic and that we take no public action indicating concern or lack of faith in ability central government eventually to solve these problems.

We will, as I believe we have, keep abreast of situation and keep Department currently informed of those events which may cause real difference in outlook or which appear to require consideration of possible action on part US. Believe our 2921 throws some light on numbered problems 2, 3, 4, and 5 of Deptel 1993.[4]

Allison

[4]These were: "2) Activities Djuanda Government in attempting find solution regional problem, 3) Sukarno–Djuanda Government relationship, 4) Nasution's position, 5) Hatta activities, etc."

235. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, June 13, 1957—8 a.m.

3047. Subandrio informed today substance Deptel 2044.[2]

He indicated Indonesia interested in credit arrangements and even in receiving grant military aid "as was provided Indonesia police few years ago".[3]

Subandrio said Indonesian Government might wish to frame its requests in terms of categories on basis of priority. He intimated that Ministries of Defense and Finance wanted to obtain general idea of how much credit they might be able to get for their planning purposes. He asked if such credit would come from 1958 military aid appropriation and, if so, about what Indonesia could expect out of

[1]Source: Department of State, Central Files, 756D.56/6–1357. Secret.

[2]Telegram 2044 to Djakarta, June 7, stated that the United States was unable to give a specific reply to Indonesian queries about the magnitude and terms of payment for arms procurement until a detailed list of Indonesian requirements was received. It suggested that a list be submitted on an informal basis, after which the United States would furnish Indonesia with a price and availability study without any commitment on either side. (*Ibid.*, 756D.56/6–157)

[3]Reference is apparently to assistance provided to the Indonesian police between 1950 and 1953 under an agreement effected by an exchange of notes at Djakarta on August 15, 1950. (2 UST 1619) Grant aid under the agreement was stopped when its legal basis ended, with the termination on January 12, 1953, of the U.S.-Indonesian agreement of January 5, 1952; see *Foreign Relations*, 1952–1954, vol. XII, Part 2, pp. 347 ff. Training and equipment were subsequently provided to the Indonesian police under the technical assistance program.

amount available for Southeast Asia. He also inquired as to relationship between equipment purchased for cash and that available on credit. He asked "for instance, might it be 5 million dollars in cash and 50 million credit". He asked if some military aid might be available on grant basis and if so, how much. In reply to query as to whether Indonesian request would require special approach to U.S. Congress, he was told it would not.

If this aid is to come from funds appropriated under 1958 Military Assistance Program, he cannot understand why United States is unable to give him an estimate of approximate amount which Indonesia might be able to obtain. Finally he asked if credit for such purposes was normally on long term or short term basis.

Subandrio stated that he was aware Indonesia military had been working with U.S. Armed Forces Attachés and that he understood they had drawn up lists together. He was informed Attaché had merely checked lists on request Indonesian military to help ascertain proper terminology and that they had not helped prepare lists. He said he understood military had practically finished its task of preparing lists but before taking another step, they needed answers to questions cited above.

Assistant Army Attaché states possible request by Indonesian Government for U.S. arms aid had become widely known within Indonesian Armed Forces and that even some former military officers, now civilians, had approached him and stated they were to be designated to coordinate such purchases. Assistant Army Attaché stated he knew nothing of any such proposed purchases and that if they had such assignment they should obtain written designation from Ministry of Foreign Affairs.

Allison

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236. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, June 17, 1957—4:42 p.m.

2102. Joint State/ICA message. Embtel 2861.[2]

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[1]Source: Department of State, Central Files, 756D.5–MSP/6–1757. Confidential. Drafted in SPA and ICA, approved in FE, and cleared in draft with U/MSA and the Economic Development Division of the Office of International Financial and Development Affairs (ED).

[2]Telegram 2861 from Djakarta, May 23, reported that Allison had received a message from Subandrio that the Indonesian Government would like to begin negotiations

Continued

FYI Following factors preclude additional loan aid Indonesia present time: (a) likelihood amount obligated FY 1957 $15 million loan will not exceed $700,000 (see Icato A–1468;[3] Icato 1137[4]); (b) political situation; (c) degree to which Indonesians demonstrate ability support additional projects; (d) Congressional action re FY 1958 aid appropriations not concluded; and (e) necessity meet criteria set forth paragraph below.

In view (a) above and to insure uninterrupted implementation loan projects currently plan request carry-over authority Congress for unobligated balance FY 1957 $15 million MSP loan. Anticipate any new funds additional to $15 million would come from proposed new Development Loan Fund.[5] Pending Congressional action aid legislation, impossible for us know precisely how Fund would operate. In general anticipate countries may apply to Fund for specific projects which meet following criteria: (a) projects could not obtain financing from other public lending institutions or from private sources, (2) projects economically and technically sound, and (3) projects afford reasonable promise increasing country's productive capacity. End FYI.

Suggest you continue express U.S. sympathetic interest Indonesian aspirations and needs. Indicate to Foreign Minister that $15 million loan recently signed demonstrates this interest. You may point out RI that since present $15 million loan program just initiated and U.S. Congress has not yet acted on Development Loan Fund proposal, U.S. not in position consider additional loan aid at this time.

Dulles

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for a second $15 million loan, similar to the one recently agreed upon in Washington (see footnotes 2 and 3, Document 225). (Department of State, Central Files, 856D.10/5–2357)

[3]Airgram Icato A–1468 to Djakarta, May 29, transmitted the text of a memorandum of May 17 from Raymond T. Moyer, Director of the Office of Far Eastern Operations (ICA), to Hollister concerning the implementation of the $15 million development assistance loan. Hollister had approved implementing two projects under the agreement without delay but had approved obligating funds before June 30 only for such aspects of the projects as were ready to be initiated by that date. (Washington National Records Center, ICA Message Files: FRC 58 A 403, Box 174, Djakarta)

[4]Icato 1137 to Djakarta, May 31, concerned implementation of the projects. (*Ibid.*)

[5]The Development Loan Fund was subsequently established by the Mutual Security Act of 1957, approved August 14, 1957. (71 Stat. 355)

237. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, June 25, 1957.

SUBJECT

Current developments in Indonesia

In its first two months in office, Djuanda's emergency cabinet appears to be making a determined effort to resolve amicably the problem of the regional "rebellions" which broke out in Indonesia beginning last December and to restore the central government's authority over the outlying provinces. Djuanda has led missions to Sumatra and to East Indonesia for on-the-spot talks with rebel leaders to try to develop the basis for a solution. Our Embassy reports that on June 6 an agreement was reached between Army Chief of Staff Nasution and and Lt. Col. Sumual, Commander of the rebels in East Indonesia, calling for Sumual's transfer and reorganization of his Command. This agreement has not yet been completely implemented, however, with Sumual still not transferred from the Celebes. The counsel of former Vice President Hatta has been obtained by Djuanda and other Cabinet Ministers, especially in these negotiations with the provinces. Although the Djuanda government has been attacked by the Moslem Masjumi and other parties as having been unconstitutionally formed by Sukarno, the government's announced program was recently accorded a tacit approval by the Parliament.

Nevertheless, the Djuanda government continues to face an extremely difficult task in its efforts to bring order out of the present chaos. The amount of economic concessions which the government can offer in its bargaining with the provinces is limited by the present severe financial condition of the country. Djuanda's freedom of action also appears to be limited by President Sukarno, who advocates a hard line vis-à-vis the rebel provinces and who is intent on implementing his proposed concept for a "new-style" government for Indonesia. With Sukarno's guidance the government has recently created a National Council which will advise the Cabinet on important matters of state. The Council, which will be presided over by Sukarno, will have a total membership of 45, representing functional, regional, armed forces and law enforcement groups. Our Embassy reports that the membership slate which has been approved by the Cabinet is dominated by leftists, including four with avowed Communist Party affiliations and eight others from the extreme left. Three of the proposed members have already declined their appoint-

[1]Source: Department of State, Central Files, 756D.13/6–2557. Confidential. Initialed by Jones, apparently in Robertson's absence.

ments and it is possible that others may follow suit. The powers of the Council remain somewhat vague although Djuanda has stated that the Council's advice will not be binding on the Cabinet and the Cabinet will remain responsible to Parliament. Reaction to the announcement of the Council slate has been generally unenthusiastic. Strong opposition has been registered in Moslem (Masjumi) and Central Sumatran circles.

We may expect a period of protracted negotiations and maneuvering on the part of the central government and the provinces with the continuation of the State of War and Siege (martial law) for some time. If the central government is able to grant and put into effect reasonable concessions to the rebel demands for more regional autonomy and development assistance and if Djuanda and other moderate government leaders can temper Sukarno's plans for "guided democracy", it is possible that the government will eventually achieve some measure of success in restoring order to the country.

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238. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, July 11, 1957—3 p.m.

102. Re Deptel 28.[2] I discussed substance of reftel with Foreign Minister this morning. I told him that for all practical purposes I believed Indonesia could not expect to obtain credit arrangements for greater than three years and that, of course, there was no guarantee that even this could be done. I pointed out that such military equipment as might be available had many calls upon it and that obviously those countries which had mutual security arrangements with United States would receive first priority. Foreign Minister understood this perfectly and said in this connection: "If I were Foreign Minister of Turkey or Pakistan I, too, would probably advocate collective security arrangement with America."

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[1]Source: Department of State, Central Files, 756D.56/7–1157. Secret.

[2]Telegram 28 to Djakarta, July 3, stated that after receiving a list of Indonesian requirements, the United States could consider arrangement of up to 3 years credit; up to 10 years credit was possible but unlikely. It stated also that grant aid could be furnished only by one of two means, both of which would require a high-level U.S. decision: (1) Indonesian agreement to the conditions of eligibility set forth in Section 142a of the Mutual Security Act of 1956 (approved July 18, 1956; 70 Stat. 555) or (2) use of the Special Presidential Fund provided for in Section 401a of that act. The Embassy's views on both possibilities were requested. (Department of State, Central Files, 756D.56/6–1357)

Foreign Minister inquired whether credit arrangements for three years would require any assurances other than those contained in letter of March 14[3] and when he was told no further agreements would be necessary except on terms of loan he said it would now be possible for him to recommend to Cabinet that Indonesian list be submitted to United States. He said very specifically that his government at this time would not wish to make any agreement which required assurances greater than those in its letter of March 14 and he quite understood when I told him that this would in all probability preclude receiving grant military aid. I do not believe it wise at present to recommend use of special Presidential fund under Section 401 (a) of Mutual Security Act. Subandrio then said it was not certain that Indonesia would request any credit at all but that he merely had wanted to get facts straight before question was put to Cabinet [garble] hopes to have Secretary General of Defense Department turn over Indonesian lists to Army Attaché within short time. Foreign Minister volunteered statement that, of course, this whole matter should still be considered "without commitment" on either side.

I anticipate we may receive lists next week and I stressed to Foreign Minister advisability that items on list be stated in terms of priority.[4]

Allison

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[3]See footnote 7, Document 218.

[4]The Indonesian list was given to the Embassy on an informal basis on July 23 and transmitted to the Department in despatch 42, July 25, which reported that Djuanda and Colonel Hidajat had stated that although they would prefer to purchase U.S. equipment, they were doubtful of their ability to do so without long-term credits. (Department of State, Central Files, 756D.56/7–2557)

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239. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, July 17, 1957—noon.

139. Following are principal points of general interest covered in hour-long talk yesterday evening with Prime Minister Djuanda.

1. National Council:

While Djuanda admitted differences with President Sukarno over council he said President had adopted a give-and-take attitude. Most important was admission by President that establishment of

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[1]Source: Department of State, Central Files, 756D.00/7–1757. Secret.

National Council was "an experiment" and that it was not of necessity permanent. Whether or not National Council would survive depended upon (1) how it governed its relations with the Cabinet and (2) decision of Constituent Assembly on whether it should be continued or replaced by a Senate. Djuanda apparently favors the creation of a Senate. Prime Minister was again most definite that council only had advisory powers. According to *Time* correspondent from Hong Kong who interviewed Djuanda earlier in day, Prime Minister had been most outspoken in his determination to keep council in its place.

2. Constituent Assembly:

In response to question as to progress being made by Constituent Assembly, Djuanda said it did not have enough sense of urgency and was being too casual. However, it has reached one most important decision and while this has not yet been publicly formalized, Djuanda says it has been definitely agreed upon, namely, that Indonesia shall be a secular state.

3. Provincial Problems:

Prime Minister confirmed Subandrio's statement to me last week (Embtel 96[2]) that situation in Sumatra showed glimmering of hope. He referred to fact that Sukarno intends shortly to visit Central and South Sumatra and he revealed that Nasution would shortly go to North Sumatra to negotiate for removal of both Gintings and Macmour whom he characterized as "weak man". Removal of Macmour would, if achieved, be great blow to Communists in North Sumatra. Djuanda said Atjeh was quiet for first time in years and greatest problem was now the finding of jobs for the former guerrillas.

With respect to Sulawesi, Djuanda made clear that government does not intend at this time to take any drastic action against Sumual but will continue attempt by persuasion to reach solution. Prime Minister said that when government took step of removing Sumual from office and dividing Sulawesi into four commands it realized risk it was taking and was not surprised at subsequent action of Sumual. Alternatives were to do nothing or to attempt by force to settle matter and either of these courses would have produced worse results than one followed. Djuanda said Sumual is an honest man but is too young and naive politically and economically to cope with the people who are profiting from present situation and who are using Sumual. Djuanda said government was sending mission to North Sulawesi (announced in this morning's press) which includes Justice Minister, Industrial Affairs Minister, Ambassador to Canada Palar and former Ambassador to Peking Mononutu, all of whom come from North Sulawesi. In addition Djuanda revealed that Christian

[2]Dated July 11, not printed. (*Ibid.*, 756D.00/7–1157)

Church circles in Sulawesi were also being called upon to see [*use*] their good offices. Djuanda hinted strongly that if these efforts failed economic sanctions would be used to bring Sumual into line. Use of military force is not contemplated as of now.

4. Economic Matters:

Djuanda expressed considerable satisfaction at results being achieved by new exchange regulations. He said that report yesterday morning by Monetary Board showed that exports were averaging rupiahs 30 million a day whereas prior to institution of regulations they had sunk to rupiahs 5–6 million. While admitting that import prices had risen he claimed that if new regulations had not been instituted it would have been necessary to limit imports so severely that prices would have gone up anyway for such imported goods as were available. Overall result from point of view of Indonesian Government is therefore good.

Djuanda confirmed that Soviet loan is entirely for economic projects. He said it was almost exactly like line of credit US Export-Import Bank had granted and that money would be used only as projects approved. Credits granted will only be for foreign currency components of approved projects and Indonesian Government will have to provide rupiah expenses. This will limit use of the loan and Djuanda apparently does not anticipate great influx of either Soviet money or technicians.

5. Conclusion:

While Embassy has had several reports that Djuanda is discouraged and ready to quit, nevertheless throughout conversation he appeared to have no doubts about ability of his Cabinet to remain in office at least for next few months. He did not ignore the great difficulties facing the government but appeared confident that with patience and good will they could be met. He is not working for quick or dramatic solutions but is hoping that by concrete practical measures the provinces can be convinced that their best interests will be served by cooperating with central government. He reaffirmed specifically that his goal was to bring Sukarno and Hatta together again but admitted this would not be realized in near future. He admitted dissatisfaction at results of his attempts to bring the army under effective discipline but said he was not giving up on this. In this connection he hopes to be able within two or three months to make a start, first in Kalimantan then in East and Central Java, at abolishing state of war and siege. He wants to do this soon as possible so that military attention can be confined to military matters and taken away from political and economic affairs for which they have little training or ability.

Djuanda is most impressive and I hope he will be given time and opportunity to implement his ideas. Only question still is, will Su-

karno give him that chance, or if not, will Djuanda have strength to oppose President? It is not at all certain that he will.

Allison

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240. Memorandum of Discussion at the 333d Meeting of the National Security Council, Washington, August 1, 1957[1]

[Here follow a paragraph listing the participants at the meeting and items 1 and 2.]

3. U.S. Policy on Indonesia (NSC 5518; NSC Action No. 1681–b[2])

Mr. Cutler read . . .

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. . . NSC Action No. 1681–b, as follows:

"b. Noted the President's statement that the Joint Chiefs of Staff should arrange consultation with CINCPAC to ensure that there is a mutual understanding of the current situation in Indonesia, which does not at this time appear to require military action (other than continued planning) to implement paragraph 12 of NSC 5518."

Mr. Cutler asked whether, in light of the briefing by the Director of Central Intelligence on Indonesia, the Joint Chiefs of Staff should be asked to study the military consequences of Java falling under Communist control. The President said he would like to have the views of the Department of State also.

Secretary Herter said he was disturbed by the developments in Indonesia. It appeared to him that a democratic government in that country was out the window, ... He felt it would be useful to have a JCS estimate of the importance of maintaining Java in the Free World. He would also like to know the probable consequences of a division between Java and Sumatra. Such an estimate would be very helpful in enabling us to decide how much effort to devote to Indonesia in the future.

Admiral Radford said . . . . If the Joint Chiefs were asked for their opinion now, they would probably say that the establishment of a Communist government would be militarily harmful, since Indo-

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[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Marion W. Boggs on August 2.

[2]NSC 5518 is Document 95. For NSC Action No. 1681, see footnote 3, Document 221.

nesia is astride the routes of communication in Southeast Asia and has a great many potential Communist submarine bases. He added that Sumatra was most important militarily, on account of its oil.

Mr. Cutler pointed out that Indonesia might fall to pieces, with Java becoming Communist and the rest of the islands remaining non-Communist. Admiral Radford thought the psychological effects of such a development would perhaps be worse than the military effects.

The President said that when the implications of the situation in Indonesia were under study, we should also consider what we can do about it. The best course would be to hold all Indonesia in the Free World. The next best course would be to hold Sumatra if Java goes Communist. We should also consider what to do if all Indonesia votes Communist.

Admiral Radford said he didn't believe the Indonesians were really Communists at heart. . . .

Mr. Dulles, in reply to a question by the President, said Sukarno's recent desertion of the Nationalist Party was due to political ambition and political immaturity.

Admiral Radford said the Communists have worked through the Chinese community in Indonesia. They had exacted tribute from the Chinese and used it to build schools, and so forth. . . .

The Vice President thought that Sukarno was probably right in believing that a democratic government was not the best kind for Indonesia. He said the Communists could probably not be beaten in election campaigns because they were so well organized, and were able to play upon the ignorance of the people. In his view, the United States should work through the Indonesian military organization to mobilize opposition to Communism. Admiral Radford agreed that there was a good chance of working successfully with the Indonesian military.

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The President asked what military strength Sukarno controlled. Mr. Dulles said he controlled the Indonesian military strength in Java. Mr. Dulles added that the Indonesian officers were competent, mostly Moslem, and Dutch-trained. Admiral Radford said some Indonesian officers had been trained in the United States. He then suggested that the Departments of State and Defense make a prompt survey of the situation in Indonesia, in order to be prepared for fast action if necessary. Secretary Herter asked that a representative of ICA be included in this group.

The National Security Council:[3]

Agreed that a group composed of representatives of the Departments of State (Chairman) and Defense, the Joint Chiefs of Staff, and the Central Intelligence Agency (and the International Cooperation Administration for economic aid matters), should prepare, not later than September 1, 1957, a report for Council consideration on:

a. The implications for U.S. security of recent developments in Indonesia, especially Communist political gains in Java.

b. Possible actions which the United States might take with respect to the situation in Indonesia pursuant to NSC 5518, including possible actions in the event of imminent or actual Communist control of Java.

Note: The above actions, as approved by the President, subsequently transmitted to the Secretaries of State and Defense, the Chairman, JCS, the Director of Central Intelligence, and the Director, ICA, for appropriate implementation.

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Marion W. Boggs

[3]The following paragraphs constitute NSC Action No. 1758. (S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1957)

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241. Message From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Ambassador in Indonesia (Allison)[1]

Washington, August 2, 1957.

1. . . . Dept . . . at high level have been devoting considerable attention over a period of months to what appears to us to be a steadily deteriorating situation in Indonesia (for example . . . despatch 17, 10 July[2]) and the prospect that through inadequate action on our part Communists may soon be in a position to play a determinant role in the organized political life of that country. It seems clear that the net effect of the course of action Sukarno is (deliberately or unwittingly) taking is to greatly bolster PKI. We also feel that Djuanda does not have the political strength and backing to

[1]Source: Department of State, Central Files, 756D.00/8–257. Top Secret.

[2]Despatch 17 reported a number of indications that Communist influence in Indonesia had "increased markedly" in recent months. (*Ibid.*, 756D.00/7–1057)

stem the tide of what appears from here to be a snowballing Communist trend, or to prevent the ascendancy of the National Council over the Cabinet. Communist infiltration of Indonesian Govt and society bears some unpleasant similarities to situation which pertained in Guatemala under Arbenz.[3] . . .

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[3]Jacobo Arbenz Guzmán, President of Guatemala, March 1951–June 1954.

242. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 5, 1957—5 p.m.

297. Major Brenthl, Assistant to Secretary General Ministry Defense, told Assistant Army Attaché today that representative of Lt. Colonel Sumual in Hong Kong had approached representative of copra dealer, US citizen named Bayline, presently in Manila, and requested Bayline's assistance in obtaining arms. Sumual reported to have been engaged in copra business and dealt with Bayline previously. Brenthl stated that Sumual has already made arrangements obtain vehicles, probably jeeps, through Bayline and the Central Government aware of this but has no objection. Brenthl asked Assistant Army Attaché if American Government would prevent Bayline from obtaining arms for Sumual.

Department requested to instruct Manila to inform Bayline of this report and that involvement any American citizen in arms traffic to dissident elements in Indonesia would not be in the best interests of United States Government.[2]

Brenthl also told Assistant Army Attaché Hussein obtaining arms from Singapore and that Central Government had no objection as they believed he had his unit under good control. This attitude

[1]Source: Department of State, Central Files, 756D.56/8–557. Confidential. Repeated to Manila and Hong Kong.

[2]Telegram 416 to Manila, August 8, instructed the Embassy that, if it had substantial reason to believe Bayline was engaged in arms traffic negotiations with the Sulawesi dissidents, to "inform him such activities by any American citizen prejudicial interests U.S. Government." (*Ibid.*) Telegram 1033 from Manila, September 16, stated that the Embassy had refrained from approaching Bayline, who had not been determined to be a U.S. citizen. (*Ibid.*, 756D.56/9–1657)

indicates different views of government toward situation Sumatra and Sulawesi.

Allison

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243. Message From the Ambassador in Indonesia (Allison) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Djakarta, August 6, 1957.

. . . Matters raised in your message[2] are of such serious and far reaching importance that I wish to consider most carefully any final recommendations to Washington agencies. Also not clear from last sentence your message whether limitation in whom I am to consult applies only to possible courses of U.S. action or to whole situation here which might make some U.S. action desirable. If latter is meant I am afraid I must ask for reconsideration. I do not believe an Ambassador should be limited in seeking information from any source or in consultations he may deem advisable in process of reaching conclusions. I am leaving on 6 Aug for Surabaya to participate in opening of cement factory which ceremony will also be attended by President Sukarno, Prime Minister, Foreign Minister, former Foreign Minister Abdulgani and several members of Cabinet as well as at least 10 members of diplomatic corps, including Russians and Yugoslavs. I shall submit more detailed comments after my return Aug. 8 but in meantime wish to make following observations. 1) While in general agree with seriousness of situation as outlined para 1 your message believe it important to point out that Indonesians distinguish between different kinds of Communists and that many of these considered by Washington agencies as Commie participants in Cabinet or National Council and thus presumably under Russian ultimate control are considered here to be more of Tito or modern Pole variety of Commie and thus to some extent independent of if not actively opposed to Russian domination. 2) Believe it also important to realize that recent actions of Sukarno are not, except perhaps in degree, different from or out of line with his previous statements or deeds. For example in June 1, 1945 speech[3] Sukarno said: "Need is not for the democracy of West but for . . . [4] politico-economic de-

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[1]Source: Department of State, Central Files, 756D.00/8–657. Top Secret.
[2]Reference is to Robertson's message to Allison, Document 241.
[3]See footnote 4, Document 86.
[4]Ellipsis in the source text.

mocracy able to bring social prosperity". Again in December 1946 when he increased size of Central Indonesian National Committee (the forerunner of Parliament) he jumped PKI representation from 2 to 35 while keeping PNI to its original 45. He also appointed as new members representatives of the peasantry, labor and regions outside Java and Madura in addition to members of political parties thus forecasting in some degree composition of present National Council. 3) There is no information available here to confirm statement that National Council idea originated with PKI Politbureau. 4) I can think of nothing which would more certainly insure Indonesia falling to Communists than to terminate or slow up American aid. I believe it important to look at historical record for a time from Indonesian point of view in order to understand why it is so easy for the Communists and their Russian friends to gain popularity here and so difficult for the United States. Only by doing so can we have a sure basis for recommending action which might have some chance of reversing present trend. Let us look at record of USSR support in U.N. and elsewhere for Indonesians at time of Linggadjati and Renville Agreements[5] and what to Indonesians still seems American pressure to get agreements favorable to Dutch. We should also look at Soviet support of Indonesian claims to West Irian and while I do not advocate United States doing same under present conditions, I believe we must recognize effect here of respective positions of U.S. and USSR. Abdulgani in recent friendly discussion of reasons for American difficulties in Indonesia pointed out that Indonesians had been greatly disillusioned by lack of American support to degree anticipated after the war and had not forgotten that it was American tanks and arms which Dutch used in effort to regain their control. Indonesians may be unfair in their attitude but we cannot ignore it if we hope to stem Commie tide here. I am having small stag dinner Aug. 9 with four Masjumi leaders, including Natsir and Roem, and would like to have benefit of their thoughts on present situation as well as possible further talks with Djuanda and President during Surabaya trip before submitting further comments.

[5]Both agreements between the Netherlands and the Republic of Indonesia were made in the course of the Indonesian struggle for independence. The Linggadjati Agreement was initialed on November 15, 1946, and signed on March 25, 1947; the Renville Agreement was signed on January 17, 1948. The texts of both agreements are in Department of State *Bulletin*, March 14, 1948, pp. 325–327 and 334–335, respectively.

244. Message From the Department of State to the Ambassador in Indonesia (Allison)[1]

Washington, August 8, 1957.

1. We have carefully studied your reply to our message of August 2.[2] Obviously there was no intent on our part to limit those with whom you might wish to consult. The limitation in the last sentence applies only to limitation of discussion of possible courses of U.S. Govt action which we continue to believe should, for the present, be confined to DCM and . . . .

2. Concern regarding present trends in Indonesia is not confined to State . . . , an impression which we may inadvertently have given in our August 2 message. Indicative of this concern is recent establishment on approval of President of group composed of representatives of State, Defense Dept., JCS, . . . (ICA for economic aid matters) which is to report by Sept 1 regarding 1) the implications for security of U.S. Govt of recent Indonesian developments particularly Communist political gains in Java and 2) possible actions which might be taken by the U.S. Govt.

3. Many of the observations made in your reply are valid up to a point. However, it seems to us that Indonesian position has worsened seriously in past year. While anti-Communist forces remain relatively strong in outer islands, pro-Communist forces have been steadily strengthening themselves on Java. Army in Java, which had always been strongest potential anti-Communist force, is now much less solid in this respect than it was one year ago. Non-Communist and anti-Communist forces remain fragmented as evidenced by their inability to cooperate against Communist and pro-Communist penetration of government and development by these forces of greater mass support particularly in Central and East Java. We are cognizant of fact that there are signs, some of which are quite encouraging, regarding growth of anti-Communist sentiments as evidenced by recent statements of Indo Nationalist Party and . . . [Indonesian] leaders as well as editorial comment recently emanating from Indonesian non-Communist press. These signs may be the forerunner of effective cooperation among anti-Communist forces. On the other hand, same signs were visible after 1955 elections and yet led to no promising developments. In any event, we believe we must be prepared to take measures to reverse present prospective growth of Communist forces.

4. Our long-range objective remains an economically viable, politically stable Indonesia. Our immediate policies are 1) to maintain

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[1]Source: Department of State, Central Files, 756D.00/8–857. Top Secret.

[2]*Supra* and Document 241, respectively.

and strengthen anti-Communist forces in outer islands, 2) to maintain and strengthen non-Communist and anti-Communist forces in Java, 3) to weaken pro-Communist forces in Java. . . .

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245. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 10, 1957—11 a.m.

354. Three hour frank informal discussion with Masjumi leaders last night brought out several significant points as outlined below. Masjumi leaders present were Natsir, Roem, Harahap and party spokesman Harjono. Most of talking was done by Natsir and Roem but other two at no time disagreed with them.

Results of recent elections have definitely thrown scare into leaders of non-Communist political parties, particularly PN. According to Natsir there will be greater cooperation between PNI and Masjumi in future but this will begin first in provinces and will not at first be evident in Djakarta. Too many personal jealousies are involved in capital and it will thus be easier to make start elsewhere. However, Natsir apparently believes cooperation throughout country will eventually come about.

All agreed that one of chief reasons for PKI victories was actions of Sukarno and he emerged as principal factor to be considered. Masjumi leaders believe that Sukarno will bow only to superior force and their objective is to convince him that there is such force aligned against him. At first Natsir said they had tried to win his friendship and confidence by cooperation but they were now convinced that only superior strength would be effective. I received impression that Masjumi present were not optimistic about achieving this superior strength in near future. They obviously expect present struggle to be long drawn out.

In spite of conviction that Sukarno is chief danger to continuance of representative party government there was absolutely no indication that any of men present would take or approve of taking any direct steps against Sukarno personally. Question was raised as to whether anything might happen if President was absent from

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[1]Source: Department of State, Central Files, 756D.00/8–1057. Secret.

country for long period such as would be involved in visiting Latin America. All leaders present instantly agreed with statement of Natsir that while Sukarno was out of country loyalty to him and to Indonesia would dictate that all parties would unite to support him while absent. There was disagreement as to whether this meant that if Sukarno should take trip in October and November, as he is considering, Djuanda Cabinet would remain in office until at least first of new year. Natsir seemed to think it possible while Roem pointed out that one Ali Cabinet had fallen while President was out of country.

I came away from meeting with conviction that while these men would compromise with Sukarno, they would not attack him personally and would depend upon having enough time to build up strength sufficient to convince Sukarno he must change his direction. It is not at all certain they will have time they hope for but Indonesia is not subject to normal Western criteria and it also not certain they won't win in end. There was discouraging lack of definiteness in their plans for future but this might have been result of caution in talking to foreigners. There was definite indication, however, that they believed American policy in Indonesia was on whole good and that best way we could help anti-Communist groups was to continue our aid programs, particularly technical assistance and exchange of persons programs, along present lines.

Evidence that America is effectively interested in helping raise living standard of people would be most helpful. They said more projects like Gresik cement plant are needed.

Other aspects of what we can and should do will be discussed in separate messages.[2]

Allison

[2]See *infra*.

246. Message From the Ambassador in Indonesia (Allison) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Djakarta, August 12, 1957.

1. Appreciate amplification Washington thinking contained your most recent message.[2] Perhaps I misunderstand function of interagency group referred to or place too narrow an interpretation on three immediate policies, but whole tenor of message seems to imply that U.S. Govt can by giving some sort of aid and comfort to anti and non Commie forces "reverse present prospective growth of Communist forces". Certainly, the anti and non Communist forces need aid and we should be prepared to give such aid if we can do so in manner which will not be counter-productive. However, problem is much broader and more complex than only doing what we can to step up anti Communist strength and activity. Our capabilities are limited in any case in an independent country but will be almost completely nil unless we can take action which will convince these sensitive and deeply suspicious people that the U.S. is truly on their side and that their best interests will be served by cooperation with U.S. . . .

2. Long range objective of an economically viable, politically stable Indonesia mentioned by you is good but must be constantly emphasized during carrying out of immediate policies if they are to be successful.

3. Problem here is extremely complex and of such long range character that it seems to me unrealistic to suppose that by September 1 the interagency group should be able to produce any valid estimate on course of events in Indonesia upon which government decisions can be made as to courses of action we should follow here. Many of leading figures in Indonesian puzzle, including to some extent Sukarno himself, do not have clear idea of their ultimate goal or how they expect to reach it, other than the overall goal of maintaining their independence. For example, Abdulgani who is probably one of closest men to Sukarno at present, assures me in strongest terms that National Council is only an "experiment" being tried by Sukarno in his search for way out of present troubles. Over past week end I have received completely contradictory reports concerning Sukarno's ultimate objectives from equally well informed and intelligent observers. One report was to effect that Sukarno has defi-

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[1]Source: Department of State, Central Files, 756D.00/8–1257. Top Secret. Summarized in John M. Allison, *Ambassador From the Prairie* (Boston: Houghton Mifflin Company, 1973), pp. 310–311.

[2]Document 244.

nitely decided that future of Indonesia lies with Commie bloc and not with the West. He has pointed out, according to this source, that Bao Dai and Chiang Kai-shek relied on West and look at them now. Indonesia's future lies in cooperation with USSR and Commie China and hence Sukarno working with PKI. Other report was that there are definite indications Sukarno is in first stages of creation of national socialist movement along lines of Hitler which will eventually destroy not only non Commie political parties but PKI as well.

This report continues that many of so called Commies surrounding Sukarno are old or new Murba[3] men who hate PKI and that through them Sukarno is working for his long range plans. Sukarno believes non Commie parties have lost their revolutionary ardor and hence the support of the masses and that in order to keep this support for himself he must appear to be friendly to PKI which now has this support. Later PKI leaders will be forced out and Sukarno will alone lead masses and the nation. Danger of this course is admitted but given Sukarno's vanity, emotionalism, economic illiteracy and general predilection for the sensational these sources believe he will make the attempt.

4. Impossible at this stage to assess validity of either of above reports but they illustrate complexity of situation here. In assessing what we can do I believe we should take lesson from fact that all our controls and readily available forces did not prevent election of pro Commie Mayor in Naha[4] as long as overall policies of U.S. Govt. did not appeal to Naha voters as being in their interest.

5. If we are to stem the tide here, I believe we must agree on and make known policies, which, as stated above, will convince masses here that their true interest lies in cooperation with U.S.

6. As a beginning, I recommend that:

a. We maintain our aid programs at their present level;

b. Secretary Dulles, in answer to a "planted" question at his next press conference, express grave concern over increasing Communist influence in Indonesia and, if question properly phrased, emphasize that we intend continue aid to Indonesia because such aid is to strengthen the Indonesian people and in no sense is an indication of approval of political developments or endorsement of political leaders;

c. You or another high level State Dept official emphasize this line as a part of a public address;

d. Indonesia [*US*] support the Indonesian resolution for UN consideration of West Irian question. Such action would not be interpreted as lending aid and comfort to Sukarno. Every Indonesian political party and every Indonesian political figure agrees on this matter. By supporting the resolution, we would not be supporting

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[3]Partai Murba, or Proletarian Party.

[4]Naha, Okinawa.

the Indonesian demand for West Irian but merely agreeing to consideration by the UN of a type of problem for which most Asians believe the UN was established. It is folly to accept Dutch contention that this is internal matter. Our influence and prestige in Indonesia as a factor in fighting Communism here suffers from our inability to demonstrate practically on a matter of great importance to Indonesians that we oppose colonialism. As long as we oppose even a proposal to discuss this issue in the UN, we cannot convince Indonesia that we are sincere in our protestations that we, rather than the Communists, are in sympathy with their aspirations.

7. Finally, I am concerned that interagency group is making what may be most significant long range recommendations on policy toward Indonesia without benefit of first hand discussion with those who have had recent experience here. Foreign Operations Adm. Chief is in Washington and should be consulted. . . . I also strongly believe I should be present . . . .

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247. Message From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Ambassador in Indonesia (Allison)[1]

Washington, August 16, 1957.

1. We have considered at length the analysis of the situation and the specific recommendations contained in . . . .[2] If we understand you correctly, you attach great weight to the potential force of non-Communist public opinion upon Sukarno, and equally upon Sukarno's own ability to reverse the current pro-Communist tide. Basing yourself upon this analysis we understand you to recommend courses of action which essentially are along the lines which we have attempted in the past and found wanting. We would appreciate your comments and amplifications.

2. Our thinking here, which is being further developed in the NSC group chaired by State in which Baird is an active participant, is that the situation in Indonesia transcends both in quality and intensity any of the crises of the past. While the PKI has benefited hugely from Sukarno's prestige and tacit if not witting support, it seems to us that the Communists now are a powerful political and subversive force in their own right, and that as a matter of prudence in evaluating a possible threat to U.S. Govt security interests we must be skep-

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[1]Source: Department of State, Central Files, 756D.00/8–1657. Top Secret.
[2]See *supra*.

tical whether Sukarno, even had he the will, would be able to appreciably curb their power. On the contrary, we would expect, all other things being equal, continued growth of Communist strength on Java to the point that ultimately they may have the capability to take power through legal or quasi-legal means. One of the most disquieting features of situation is apparent inability of non-Communists to coalesce in any effective grouping. Despite realization under pressure recent events of some of their leaders that Communist inroads threaten end of democratic processes, we see no firm evidence these leaders will, of their own volition, carry their concern beyond the stage of procrastination and fruitless discussion.

. . . . . .

4. Group formed under NSC directive must submit its report by September 1, and is actively engaged in formulating both its analysis of the situation and recommendations for coping with it. You will be given an opportunity to comment on both these aspects, but . . . undesirable for you to absent yourself from your post during this period. . . .

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248. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 17, 1957—2 p.m.

432. At independence day celebration this morning Sukarno spoke for one hour and forty minutes on theme of "A Year of Decision". This speech which in English is forty pages long will be completely analyzed by Embassy later. However following are my initial reactions.

In some respects this speech is probably most significant one Sukarno has made since Pantjasila speech on June 1, 1945.[2] Its central theme goes back to his June 1, 1945 statement that political democracy is not for Indonesians but that what they must aim for is social and economic democracy. In present speech Sukarno goes to greater

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[1]Source: Department of State, Central Files, 756D.00/8–1757. Confidential.
[2]See footnote 4, Document 86.

detail in explaining his ideas and stresses particularly that social democracy which is to be brought about has as its aim the building up and glorification of the state. He makes strong plea for all Indonesians "to place interest of the state before group or individual interest". He feels that system of political democracy followed during past twelve years has been a mistake and that corrective measures must be instituted. He says that new democracy must fulfill and be attended by certain conditions, first of which is "that democracy must be focused on the state". He points out that present political democracy only benefits what he calls upper classes and that small people who "theoretically" have the same rights of free speech as others in practice "do not want to use the opportunity to wag their tongues". He goes on to say they will not be happy with political democracy, particularly what he calls "free fight liberalism" policy of the present system. Small people are eagerly awaiting, according to Sukarno, social democracy that will give them happiness in all fields. This democracy must also contain the idea of "management toward one aim, i.e. a society based on social justice". It must be a democracy that recognizes discipline and is in keeping with the Indonesian nation's mental outlook for *gotong rojong.* In short it must be "a democracy having a leadership, a guided democracy".

Sukarno attributes much of failure of present system to fact that Indonesian people have imitated indiscriminately foreign ways and have not remained true to Indonesian culture. He says that as a nation Indonesia lacks self-reliance and tenacity and therefore people are apt to follow the course of least resistance. He said that the people apparently feel "that talk and criticism constituted democracy and that more talk and more criticism amount to better operation of democracy". This is not so, says Sukarno, and therefore disciplined guided democracy is necessary.

Before all this can be fully realized, however, Sukarno points out that revolution is still not finished, that twelve years after independence proclamation one-fifth of territory of Republic of Indonesia "is still under Dutch colonial domination", and that the round-table conference agreements have not been completely abrogated. Till this is done it will not be possible in his belief to build up economic base for his new democracy.

On basis of ideas in this speech certain things become clear. It is definite now that Sukarno has made a complete break with normal western idea of political democracy and that he is determined to set up in Indonesia some new system which as he says is "in accordance with Indonesian nation's own identity". It is not clear from his speech exactly what final form of this new system will be but it could take either form of communism or a Hitlerian national socialism. In view of his emphasis on necessity of leadership, discipline

and guidance it is clear that whatever form his new system finally assumes, the most important place at the top will be reserved for Bung Karno. He apparently is the only one who is allowed to criticize and to talk freely. Everyone else who engages in such activities is not a true follower of the state. This is clear from his repeated rejection throughout speech in various forms of whole idea of freedom of speech and criticism as we understand it. The new life movement to which he devotes the latter part of his speech is apparently devised in order to reintroduce the idea of discipline in country under leadership of Sukarno.

From our point of view or that of anyone who believes in our system of democracy this is a most discouraging speech. It will be most interesting to see what reaction this speech causes in outlying districts as well as among more liberal-minded Indonesians here in Djakarta. I am seeing Djuanda at ten Monday morning and intend to let him know of my worries as a result of this speech. When Embassy has opportunity first of week to send more carefully thought out analysis of this speech, we will attempt to include reactions of such people as Djuanda and Foreign Minister and if possible Hatta.[3]

Allison

[3]Telegram 469 from Djakarta, August 21, provided a more extensive summary of the speech. It commented:

"Unanswered question of critical import is Sukarno's intention and ability to walk the knife-edge between national disintegration and national totalitarianism. If he can do this with self-discipline which begins at home, the path may lead toward real democracy, which will find its proper guidance and definitive form through long-needed constitutional means. But if, on other hand, Sukarno fails arrest his tendency to be led down path of PKI support and fails produce or support workable plan for regional settlement, Indonesia's national existence will become increasingly precarious." (Department of State, Central Files, 756D.00/8–2257)

249. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 20, 1957—2 p.m.

447. Following is summary of principal points made during three-quarter hour conversation this morning with Prime Minister Djuanda.

Prime Minister appeared not unduly alarmed at implications of President's Independence Day speech. He admitted it could be inter-

[1]Source: Department of State, Central Files, 756D.00/8–2057. Secret.

preted as complete repudiation of parliamentary democracy but he believes it does not necessarily mean this. He referred particularly to passage in speech which refers to the decisions of the Constituent Assembly and which clearly implies that final form of Indonesian political system will be determined by Constituent Assembly and not by Sukarno individually. He stressed fact that while Sukarno had said that as far as he personally was concerned the National Council is not an experiment, nevertheless the members of the Constituent Assembly "may consider the establishment of the National Council an experiment." Djuanda believes this means that National Council may be retained, it may be discarded entirely, or it might be turned into a senate. Prime Minister gave impression that Sukarno is still groping for best form of government for Indonesians and Djuanda believes it important that present government keep hard at work along present lines and feels that there is still chance, though not certainty, that Sukarno will give full cooperation.

As indication of willingness of President and his hand-picked National Council to go along with Cabinet when Cabinet produces definite suggestions, Djuanda told me in confidence of plans for calling national round table conference. Suggestion for such conference has been publicly discussed and according to Djuanda he feared that matter might get out of hand if government did not take action. Therefore, just prior to recent meeting of National Council Djuanda obtained Cabinet approval to submit following plan to Council: Round table conference would be under guidance of Cabinet and under chairmanship of Prime Minister. Participants in conference would be Cabinet and representatives from the provinces. These representatives would be the chief military commander and the chief civilian official in each province, each of whom might be accompanied by two or three advisers. In addition speaker and deputy speaker of Parliament and one or two representatives of National Council would be invited as observers, not participants. Most important point in my mind, however, is that two chief advisers to the conference would be Sukarno and Hatta. Djuanda told me that this proposal of his had now received Council approval as well as Sukarno's approval and they hope to hold conference in Djakarta during first part of September as Hatta is leaving for Peking on September 12. In response to question Djuanda stated that by military commanders in the provinces he meant such as Husein from Central Sumatra and Sumual from northern Sulawesi. Prior to meeting of this round table conference Djuanda is inviting to Djakarta the dissident military commanders from the districts, such as Husein and Sumual, for private talks. He tells me he has received from them assurances that they will accept an invitation from him as Defense Minister but they made clear they would not accept an invitation from Nasution. However,

Djuanda says he has cleared matter with Nasution who has agreed to this procedure. According to Prime Minister conference agenda will include the matters which have been in dispute between the provinces and the Central Government, including discussion of restoration of Sukarno–Hatta partnership. In Djuanda's opinion the conference and the talks will be of supreme importance for if they fail he believes situation in country will speedily become critical. He expressed cautious optimism as to the outcome of the conference. Results of conference will be reported to Parliament with government request for appropriate action.

If the conference succeeds and if his hopes for active cooperation between PNI and Masjumi as result of recent Communist election victories are fulfilled, Djuanda said in extreme confidence that his government would resign and recommend to President formation of PNI–Masjumi Cabinet. He claims to have reason to believe that Sukarno would accept this.

Also in this connection Prime Minister referred to desire of the President to visit Latin America and India this autumn and said that Cabinet had not yet given approval for this trip. He said such approval would only be given if he, Djuanda, were honestly convinced that situation in country was on the mend and that there was real chance of progress being made in restoring relations between outlying provinces and Central Government. It would not be possible to make a judgment on this until conclusion of round table conference.

Djuanda reiterated in strongest terms at conclusion of our talk that in his opinion greatest single need of country was restoration of Sukarno–Hatta relationship. He again said he was cautiously optimistic that in time this would come about.

Allison

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250. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 21, 1957—4 p.m.

468. Subandrio told me this morning that while he was sure there was much in Sukarno's August 17 speech which we did not like nevertheless he wanted to point out certain facts which might be encouraging. Foreign Minister claims to have spent four hours with President working on speech with result that all passages which

[1]Source: Department of State, Central Files, 756D.00/8–2157. Secret.

might have given direct aid and comfort to Communists were eliminated. Subandrio said it significant that there were no quotations from Mao Tse-tung or Madame Sun Yat-sen and no praise of Communist Chinese methods. Only person quoted at any length and with approval was Nehru. Subandrio considers these points constitute an improvement over previous speeches but agrees much remains to be done.

First definite inkling of what Sukarno means by "guided democracy" was also given by Subandrio. According to Foreign Minister, Sukarno does not contemplate that guidance will be given by him or any other individual but by principles. As practiced up to present in Indonesia democracy has, in mind of President, seemed to mean only freedom to criticize indiscriminately and freedom to advance individual interests; in other words democracy was degenerating into license and anarchy. The President is trying to get the leaders and the people to act from principle and not personal interest and it is principles which must guide democracy. Subandrio is frank to admit that President does not yet have clear idea of what final form his guided democracy will take.

From discussion of President's speech Subandrio went on to discuss internal situation as result of Communist election victories. He claims that PNI leaders are at last really awakened to danger of PKI and pointed to recent order from PNI headquarters to Jogjakarta division to repudiate election campaign agreement with PKI as indication of their concern. Roem of Masjumi mentioned same thing to me last night as an encouraging sign. Subandrio also reported that army has become seriously concerned and that government and party leadership are being increasingly bombarded with demands from army to do something to halt PKI.

Foreign Minister then went on to say that in his opinion greatest long run potential danger to Indonesian independence is Communist China. He is particularly concerned at possibilities of economic penetration and control through large Chinese community here. Present Communist Chinese Ambassador is much more active on behalf of his nationals than any of his predecessors and Subandrio said that many Nationalist Chinese here are beginning to switch over to Communists as are many of Chinese who had become Indonesian citizens. Activities of some Chinese businessmen on behalf of Communists is also alarming and one of them has been deported without publicity according to Subandrio. Foreign Minister says he has also called in Communist Chinese Ambassador and protested at attempt of Chinese Communists to send prominent political leaders here in guise of correspondents. Indonesian Communists, according to Subandrio, look to Peking for guidance not to Moscow and he is convinced that Peking is also supplying substantial funds to PKI. On danger from

Communist China Sukarno is difficult to convince but Foreign Minister believes progress is being made.

This discussion with Subandrio and talk yesterday with Prime Minister (Embtel 447[2]) are most encouraging I have had with any Indonesian leaders recently showing as they do consciousness of problems and efforts to meet those problems but it is far too soon to predict a happy ending.

Allison

[2]*Supra.*

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251. Memorandum From the Secretary of State to the Deputy Assistant Secretaries of State for Far Eastern Affairs (Jones) and International Organization Affairs (Walmsley)[1]

Washington, August 21, 1957.

RE

West Irian

I think we should carefully reconsider our UN policy. It seems to me that in view of the pro-Communist trend of Sukarno, the fact that their own government is now extra-constitutional, and the unrest in their own country—it is almost absurd to be neutral toward the extending of the Indonesian authority to a new area.

JFD[2]

[1]Source: Department of State, PPS Files: Lot 67 D 548, Indonesia. Secret. Drafted by Dulles. The source text is a copy of the memorandum sent to the Policy Planning Staff.

[2]Initialed for Secretary Dulles by William B. Macomber, Jr., the Secretary's Special Assistant.

252. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, August 23, 1957—3 p.m.

319. Re Deptel 340.[2] Foreign Office officials here have discussed Netherlands position on UNGA consideration New Guinea resolution.[3] Some officers voicing serious concern that in view new factors there is very real possibility resolution might gain required two-thirds support. New elements mentioned are enlargement Arab-Asian membership UN (with Ghana and Malaya increments) and drive which Indos will put on to secure support from others, particularly Latin American States, who Dutch regard as holding decisive votes. They have learned that Sukarno is making tour this fall which will take him to Brazil, Chile, Mexico and other Latin capitals. Dutch foresee these visits as golden opportunity for Sukarno to gain Latin support for New Guinea resolution.

As I understand fundamentals of this problem US has five basic interests:

(1) Keeping Indos out of Communist camp;
(2) Continued cooperation with our Dutch ally;
(3) Peaceful and, if possible, amicable relations between Dutch and Indos;
(4) Retention of West New Guinea in hands most likely and able keep it out of Communist clutches and
(5) Best interests of indigenous population West New Guinea.

Bearing of point (1) not for me to measure, but developments recent years and months give little evidence that our "neutrality" has contributed to solution of problem in any significant way. I doubt that Indonesia would go Communist because we acted in accordance our own interests on New Guinea, nor do I think our continued "neutrality" will put us in any better position to aid the real anti-Communist forces in Indonesia. I assume Department would agree that consideration points (2) and (4) would bring us to side of Dutch on this issue. Point (3) more difficult assess, but continued agitation in UN year after year hardly seems best way accomplish desired result. As for point (5), case might be made that Dutch have not

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[1]Source: Department of State, Central Files, 656.56D13/8–2357. Confidential; Priority.

[2]Telegram 340 to The Hague, August 22, informed the Embassy that the Dutch Ambassador had called on the Secretary on August 21 to urge U.S. reconsideration of its neutrality policy and support of the Dutch position concerning New Guinea. The Secretary agreed to review the U.S. position. (*Ibid.*, 656.56D13/8–2257)

[3]A letter of August 16 from the representatives of 21 Asian and African nations to the U.N. Secretary-General requested the inclusion of an item entitled "The question of West Irian (West New Guinea)" in the agenda of the Twelfth Session of the General Assembly; for text, see U.N. doc. A/3644.

done all they could to bring native Papuans from stone-age to modern civilization but I find little evidence that Indonesians better equipped to do this formidable job. It is, of course, not necessary for me to review for the Department probable consequences of Dutch defeat on this issue. However, it may be pertinent to consider that, if New Guinea vote does indeed develop two-thirds support against Dutch, probability is that margin victory would be one or two votes at most. In such event, United States could not possibly avoid being made scapegoat for Netherlands defeat. We need not elaborate on unpleasantries which this situation would produce, not only in bilateral context, but in whole sphere our NATO associations.

In summary, we have real security interests in giving at least some measure of support to the Dutch in the UNGA consideration and I fail find anything but unfulfilled hopes and speculations for not acting in accordance with those interests. Specific tactics in handling question in UN can best be judged in US but I hope that a hard look is first given to determine what we want and hope to accomplish.

Young

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253. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, August 24, 1957—2:46 p.m.

396. Your 487[2] and previous telegrams regarding possibility of an Indonesian national conference in near future have been thoroughly considered here. We have strong reservations from standpoint of possibility stemming Communist threat Indonesia about holding such a conference at this time. It seems to us dangerous to have gathering of leading dissident personalities in atmosphere of Djakarta where they could be subjected to various forms of intimidation or even entrapment by army or Communist activists. Furthermore exposure to personality of Sukarno might lead to some form of compromising face-saving arrangement which would give only a color of

[1]Source: Department of State, Central Files, 756D.00/8–2357. Top Secret; Priority; Limited Distribution. Drafted by Cumming and Howard P. Jones, approved by Jones, and cleared in SPA and the Executive Secretariat (S/S). Repeated priority to Manila for Under Secretary Herter, who was visiting several Far Eastern countries.

[2]Telegram 487 from Djakarta, August 23, reported that a roundtable national conference, along the lines outlined to Allison by Djuanda on August 20, with Sukarno and Hatta as supreme advisers, was to be held from September 10 to 15. (*Ibid.*, 756D.00/8–2357)

settlement of basic problems involved. It would not in reality provide a means through which anti-Communism of dissident leaders could exert a definitive influence over Sukarno and his associates which would compel them to assume an anti-Communist posture. Failing such a result we foresee only a continuation of present growth of Communist influence. Presence of Hatta at such a conference under present conditions would in our opinion be harmful rather than helpful, since it would give to participants and to public opinion in and outside of Indonesia impression that Hatta, no matter how reluctantly, was in fact supporting Sukarno and thereby giving his approval to policies which Sukarno and his Communist supporters have been pursuing for the past several months. Since basic objective of US policy in Indonesia is to strengthen in every feasible way anti-Communist elements and to unify and bolster them in opposition to further development of Communist strength, we do not believe that a "successful" national conference along compromising lines apparently envisaged by Djuanda would be helpful. It would seem to be preferable at this time for anti-Communist leaders in outlying areas as well as in Java to develop further strength before attempting direct negotiations with Sukarno.

We do not wish to give appearance of opposing conference but neither do we wish to give it any encouragement direct or indirect.

Dulles

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254. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 26, 1957—11 a.m.

504. At my request President Sukarno gave me approximately one-hour interview Friday afternoon prior to his departure for two-week trip to East Java and Moluccas. Following is summary of principal points covered by him in attempt to explain background of his thinking on present situation as well as future form of government in Indonesia.

Attitude toward Communists.

President appears either frighteningly naive or completely insincere but there is probably also element of self-deception in his attitude. According to Sukarno, great majority of people who voted PKI

[1]Source: Department of State, Central Files, 756D.00/8–2657. Secret.

and are called Communists are in fact only rabid left-wing nationalists. They have deserted PNI and Masjumi because those parties are no longer ardent in their fight against colonialism and imperialism. People look toward Soviet Union as their champion rather than US because former has consistent record in UN and elsewhere as supporter of Indonesia's claim to full independence and to West Irian. Here President repeated his favorite theme that if only US would support Indonesia on West Irian he could turn the mass of the people into pro-Americans overnight. Example of Hungary means but little here—it is far away; Sukarno and Indonesians have no direct experience of Soviet Colonialism—but West Irian is nearby; it should be theirs and by our nonsupport or neutrality we only prove that in fact we are still on side of colonialists. So runs Sukarno's thinking. He is not interested in facts or hearing reasons for our attitude.

President then switched back to communism in Indonesia and illustrated his argument that Communists are really nationalists by pointing out that one of most important strongholds of PKI voters is in district in Surabaya surrounding famous mosque. People of district, according to President, are good Moslems, they go to mosque regularly, pay for its upkeep from their meager funds, and vote PKI.

Sukarno went on to say that we should study his record, read not only his most recent August 17 speech but go back to his Pantjasila speech of 1945 and his speech before the Dutch court that tried him for sedition in 1927 [*1930*]. "The Sukarno of 1957 is the same as the Sukarno of 1927," he repeated several times. "I was not then a Communist. I am not now a Communist." He then explained that his reason for wanting the PKI in the government was not because they were Communists but because he so strongly believed in the Indonesian principle of "gotong-rojong". All elements of the community must be represented; there must be mutual cooperation; no group should be left out if it consists of a substantial part of the populace.

Sukarno admitted there were some ideological Communists in Indonesia who followed the Marx–Lenin line but he claims they are not more than one percent of those listed as Communists. He just cannot see them as a threat to Indonesian independence.

Guided democracy.

Sukarno's idea of guided democracy is a democracy which has a definite aim; in his mind this is an undefined social justice, and in which there is positive leadership. It reaches decisions through following the principle of "gotong-rojong" plus leadership or, as Sukarno expressed it, like a family council: the sons get together and work out solutions to problems under the guidance of their father. Sukarno obviously looks upon himself as the father of the Indonesian people. He is frank to admit that he is not willing to play the role of a con-

stitutional president who merely presides at meetings and calls for a vote after all points of view have been heard. As a leader he must actively try to put across his viewpoint. He said that when he presides over the National Council he presses on it his ideas and when he takes to the Cabinet the advice of the National Council he does not merely present it for acceptance or rejection but he explains it and actively tries to persuade Cabinet to accept it. "Mao Tse-tung is a leader, Nehru is a leader, Gandhi was a leader, Nasser is a leader. I too must be a leader." If the sons should disagree with the father, "strong influence" must be exerted; but Sukarno shied away from saying what would happen if the sons persisted in their disagreement.

Future form of the state.

In response to a question as to what his hopes were as to ultimate form of Indonesian state to be recommended by Constituent Assembly he said it would not be too different from the present. There would be a president, a national council and a parliament led by a cabinet. The parliament would consist of political party representatives, but political parties are artificial—they are man-made. "I could make ten parties in one day." Therefore a second body is needed, a national council made up of representatives of the regions and of functional bodies. "The laborers are not artificial, the peasants are not artificial, religious bodies are not artificial, they are real." In response to a question Sukarno said the future national council, by whatever name, should be elected. The position of the president should be somewhere between that occupied by the American and the French presidents. Sukarno stated flatly that he would not be a figurehead and also that he did not wish to have the full executive responsibilities of the American President. He is obviously confused and still groping for the proper solution to the problem of what a president should do, but he believes he should be able to initiate policies and also to have a veto, at least over certain unspecified types of legislation. Going back to the political parties Sukarno said there should be in the new constitution some provision that no party could be represented which did not have at least five or ten percent of the voters. He believed this would bring the number of parties down to manageable size.

In speaking of the position of the president, Sukarno confessed his displeasure at certain unnamed prime ministers in the past who had merely presented him with cabinet decisions and told him to sign the implementing papers. He spoke highly of Djuanda because he always discussed with him problems before a final decision was reached and he could therefore exercise "leadership".

It is significant that in almost an hour's talk about the problems of the nation the President never once mentioned the critical economic situation or evidenced any interest in how foreign aid might help solve some of the serious economic difficulties facing the country.

While stating at one point that he might not be the President after the Constituent Assembly had completed its work, it was nevertheless obvious that in fact Sukarno thinks of himself in no other role than permanent "father" of his people. While there is considerable evidence that a growing proportion of the people are more interested in solving the problems of food and shelter than fighting colonialism, with exception of West Irian issue, this is not seen by the President who has no taste or real interest in such mundane matters. To him, in spite of occasional lip service to virtues of hard work and necessity of industrialization, real interest is in leading a never-ending revolution against colonialism and imperialism.

To me the one hopeful note in this most revealing talk was Sukarno's high regard for Djuanda and evidence that Djuanda apparently knows how to get his ideas adopted by the President as his own. While we know, not only from Djuanda's statement to me (Embtel 447[2]) but from other evidence, that manner of setting up forthcoming national round-table conference was originated by Djuanda in effort to keep control of meeting in his hands, nevertheless publicly it has appeared to come from President and National Council. On other matters it may therefore be possible to influence the President through Djuanda who fundamentally is sympathetic to American point of view and who has much more realistic understanding of Communist menace. At least effort should be made for it is still a fact that, in spite of increasing opposition to him, Sukarno retains hold on masses greater than that of any other individual. If this effort should prove futile, serious consideration must be given to means by which Sukarno can be isolated from real power—but this can in the end be accomplished only by Indonesians.

Allison

[2]Document 249.

255. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 26, 1957—1 p.m.

505. Deptel 396.[2] I have great difficulty in understanding Department's position as given in reftel. To me it appears to be based upon misunderstanding of Indonesian situation and to reflect a completely defeatist attitude.

Problem of dissident regional leaders and central government is not simply one of Communism. It is far more complicated and goes much deeper. While the regional leaders are certainly anti-Communist, their original reason for breaking with central government was dissatisfaction with attention given by central government economic needs of regions. This was also complicated by the psychological distrust caused by the superiority complex of the Javanese toward the peoples of the outer areas. To some extent the anti-Communism of the regions is based upon the feeling that Javanism and Communism can be equated. Purpose of national conference as I understand it is to discuss these basic issues and to lay foundation for better understanding between regions and central government on basis of which beginning can be made to reach solution. It is most unlikely that conference will result in package solution or even attempt to do so. More probable result would be enunciation of certain principles to govern working out of solutions to the basic problems.

I do not understand how dissident leaders are to exercise definitive influence over Sukarno without contact with him. I also think it is grossest self-deception to believe that any Indonesian Government, even one headed by Hatta with Sukarno completely eliminated, is going to adopt an "anti-Communist posture". We can look forward, if our policies are wise, to a non-Communist government which is truly independent and natural [*neutral*] but to expect anything more in the foreseeable future is unrealistic. For us to attempt to bring about an "anti-Communist posture" could very easily bring about the very thing we wish to avoid—a definite switch into the Communist camp.

Djuanda and Hatta are non-Communist. To think that they will be influenced in other direction and that they cannot themselves, in company with dissident regional leaders, exercise influence is in my opinion defeatist.

The conference is going to be held whether we like it or not. I should think the better part of wisdom would be to encourage

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[1]Source: Department of State, Central Files, 756D.00/8–2657. Top Secret; Limited Distribution. Repeated to Manila for Under Secretary Herter.

[2]Document 253.

Djuanda and Hatta to use it as a means of setting the government back on right track—not to wash our hands and have nothing to do with it.

Allison

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256. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 27, 1957—noon.

510. Deptels 375,[2] 395.[3] Although in Dutch view and possibly in ours New Guinea may not be colonial question, in Asia it is. Communists are constantly and increasingly hammering at issues such as New Guinea. Most recently Oman. There is no question that our position presents Communists most effective issue on which they have ably capitalized to our detriment. Attitude on New Guinea is not confined to any particular political segment or group in Indonesia. It is the one point on which every political party here can agree. Opinion here toward communism and free world can not be successfully changed in our direction as long as we maintain our present position. If we support the Dutch, our prestige and influence throughout Asia will suffer a severe blow. If we remain neutral, our position will continue to lack the appeal of Communist policy. In either case in Indonesia and other parts of Asia we will continue to work under a self-imposed handicap and will lose any opportunity we have to gain the support of uncommitted political elements.

The degree of support we have throughout Asia may be measured in part by our attitude toward colonial issues. Our propaganda, our claims to be the champion of freedom and right will fall on deaf ears if in our actions we consistently support the vestiges of colonialism.

This is not a question of giving full and complete support to either Indonesia or the Netherlands for sovereignty over West New Guinea. It is a question of whether we will oppose a request for the UN to offer its good offices to settle an international dispute arising out of an agreement in which the UN played a major part. This active and continuing dispute, if Dutch reports of Indonesian activities re New Guinea can be believed, offers a threat to peace. It is the

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[1]Source: Department of State, Central Files, 656.56D13/8–2757. Confidential.

[2]Telegram 375 to Djakarta, August 22, repeated telegram 340 to The Hague; see footnote 2, Document 252.

[3]Printed as telegram 319 from The Hague, Document 252.

opinion of Indonesians and doubtless other Asians that the UN was created for the purpose of settling such disputes. We are in the position of saying that UN consideration of a threat to peace is desirable when it suits our purposes but not otherwise. The Indonesians will find it hard to understand why we voted against Great Britain and France on Suez issue and are seeming reluctant to do so against little Holland.

Re The Hague's 319 to the Department, sent Djakarta 395 from the Department.

Numbered point one: To support the Dutch contention re New Guinea will convince many Indonesians who are now friendly to the US or UN committed [*sic*] that the only support they have on what they view as their most important foreign policy problem comes from the Communist camp. I know of few changes in our policy vis-à-vis Indonesia that would be better calculated to drive this country closer to the Communists.

Point two: Continued cooperation with our Dutch ally is desirable. Must this cooperation extend to the point that we associate ourselves with the desperate Dutch attempts to salvage the remnants of her colonial empire even to the extent of refusing to use the machinery, which we were largely responsible for establishing, for settlement of such disputes? Would our opposition to the Dutch really weaken NATO? Would the Dutch weaken their own defenses? Would they withdraw from NATO or reduce their contribution to NATO if we take the position that the UN should be used for the purposes for which it was created? Is not the purpose of NATO as much if not more for the defense of Western Europe as it is for the defense of the UN?

Point three: Peaceful and amicable relations between Dutch and Indonesians are most desirable. The present Dutch position is that they will not even discuss this matter in spite of their agreement at roundtable conference to do so. Their position on the specific issue of UN good offices is that they will not permit the UN to try and aid the parties in reaching a settlement. I submit this does not contribute to amicable relations. The best road to peaceful and amicable relations between the Dutch and the Indonesians is further attempts for a settlement of the basic issue of the future of West New Guinea. Under present conditions UN good offices appear to be the best method of achieving this end. Embassy Hague says "continued agitation in UN hardly seems best way accomplish desired result." If not through UN how can a small and militarily weak power hope to settle such issue? Dutch inflexibility has made the UN logical and possibly only avenue of hope for settlement.

Point four: It is desirable to keep West New Guinea out of Communist hands. The question is not whether we support Indonesian

claims to New Guinea at this time but whether we agree to use the UN. However from the viewpoint of an eventual settlement certain points should be answered by military experts. How is the strategic importance of New Guinea affected by technological development of warfare? If all the rest of this country of eighty million were in the hands of Communists would the question of who held New Guinea be of major strategic importance? Under such conditions would the Dutch be able to hold it? The opinion of the JCS on these and similar questions might be taken into consideration. Further, from a political point of view, is maintaining the Dutch in New Guinea worth the loss in prestige and influence which we suffer in all Asia when we follow a policy Asians view as pro-colonial and in view of fact that it could well help to bring about complete communization of Indonesia which we seek to avoid? These are questions that we may have to answer but they are not essential to the immediate point of trying to get a peaceful settlement through UN good offices.

Point five: I cannot assess what would be in the best interest of the indigenous population of New Guinea at this time. Certainly the Dutch have a more stable political base from which to operate and probably have more resources and skills available to aid in the development of New Guinea. However if we may judge by the example of Dutch preparation of Indonesia for independence, I would expect the results in New Guinea to be less than spectacular. Is it not conceivable that the interests of the people of New Guinea would be best served if neither the Dutch nor the Indonesians had absolute control (which both admittedly want) over the destiny and development of New Guinea? With the influence of the UN, and the US through the UN, compromise could be achieved through the offer of good offices. Short of violence compromise is the only solution. Such a compromise could embody safeguards for the people of New Guinea as well as security safeguards for free world.

Embassy The Hague eschews elaboration "unpleasantries which this situation would produce, not on the bilateral context but in whole sphere our NATO associations". I understand that French will not oppose discussion Algerian issue in UN. Would attitude of France or UK toward NATO be seriously changed if we supported idea UN good offices for remote West New Guinea? Would they reduce their support of NATO? Embassy The Hague finds nothing but "unfulfilled hopes and speculations" as reasons for not supporting the Dutch position. I believe that the considerations very briefly outlined in this message constitute something more than "unfulfilled hopes and speculations". I agree with Embassy The Hague that a "hard look" should be given to "determine what we want and hope to accomplish". What we hope to accomplish in Asia will not be achieved through support of Dutch colonial policy. I recommend we

look carefully at what we hope to accomplish in Asia and compare it carefully with what in reality we will be losing in Europe by supporting an uncommitted nation in its desperate attempt to use the methods established for the peaceful settlement of disputes to settle a dispute of profound significance to them.

Allison

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257. National Intelligence Estimate[1]

NIE 65–57 *Washington, August 27, 1957.*

THE POLITICAL OUTLOOK FOR INDONESIA[2]

[Here follow a notice concerning distribution and a table of contents.]

The Problem

To estimate Indonesia's political situation and prospects over the next year or so.

Conclusions

1. Indonesia continues to suffer from lethargic administration, corruption, and economic stagnation, and to blame its woes on the Dutch and on the capitalist world.

2. President Sukarno has stated his determination to rekindle the spirit of the 1945 revolution and to supplant political division with unity and discipline. He proposes to replace the Western parliamentary system by what he calls "guided democracy," a fuzzy concept which, however, clearly involves less democracy and more guidance.

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[1]Source: Department of State, INR–NIE Files. Secret.

[2]A note on the cover sheet reads as follows:

"Submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

"Concurred in by the Intelligence Advisory Committee on 27 August 1957. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; and the Deputy Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the IAC and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

The immediate and pressing danger in the situation lies in Sukarno's increasing reliance on Communist support and the growing Communist influence on Sukarno.

3. The Communist Party (PKI) is the only political group which proposes a clear cut solution to Indonesia's problems and possesses an industrious and effective political organization. In the central and most populous island of Java it polled 20.8 percent of the vote in the 1955 parliamentary elections. It has shown large gains in local elections since that time. Though the PKI has as yet had no official representation in any Indonesian government, there are 4 Communist sympathizers in the present cabinet, as well as 18 extreme leftists in the 45-man National Council, a key element in Sukarno's "guided democracy" concept.

4. These developments have encouraged increasing regionalism in the outer islands. Provinces in Sumatra, Celebes, and elsewhere have defied the central government and demanded a greater voice in administering their own affairs and a greater share of governmental revenues. Though the army has in the past been regarded as a potential force for national unity, it is now seriously divided, and the provincial movements have been led by local area commanders.

5. Over the next 12 months, the prospect is for a continued increase in Communist influence over the central government. Although we doubt that the PKI will achieve effective control of the government during the next year, this possibility cannot be excluded. The provincial regimes on the outer islands are not likely to revert to central control during the period, and, though they are unlikely to declare their independence, their autonomy will probably become more firmly established.

6. Paralleling these developments in the political field, the central government's economic position is expected to deteriorate during the next year. As the provinces continue to withhold foreign exchange earnings from exports, the central government's ability to import will be seriously curtailed. Government revenues, which are based primarily on imports, will decline still further. However, the political consequences of the deteriorating economic situation will probably not reach a critical stage during the next year. The worsening economic situation, however, will limit the ability of the central government to provide more generous subsidies to the provincial governments:one of the primary objectives of the regionalist regimes.

7. Indonesia has nearly exhausted its period of grace. Over the next two or three years the political situation may, at best, stabilize temporarily on the basis of a group of autonomous but inherently weak provinces and a central government in which the effectiveness of the parliament and cabinet is reduced still further. At the worst, relations between the provinces and the central government and the

general economic situation may deteriorate to a point where sudden political collapse would occur, possibly accompanied by outbreaks of violence. In this situation, the Communists as the best organized group would have a good opportunity to seize control of Java.

[Here follows the "Discussion" section of NIE 65–57.]

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258. Memorandum of a Conversation, Department of State, Washington, August 29, 1957[1]

SUBJECT

New Guinea

PARTICIPANTS

The Honorable Sir Percy Spender, K.B.E., Q.C., Ambassador of Australia
The Secretary
Mr. Jones—Deputy Assistant Secretary, FE
Mr. Walmsley—Deputy Assistant Secretary, IO

On his own initiative, the Australian Ambassador called on the Secretary today at 2:30. Sir Percy apologized for taking up the Secretary's time on the New Guinea matter, but said that he had specific instructions to do so. Since the Secretary, he said, was aware of the Australian Government's reasoning, the Ambassador said that he would spare the Secretary an exposition in this respect, but would simply leave an aide-mémoire[2] and stress a couple of points.

Sir Percy had been made aware by the Netherlands Ambassador that the Department was undertaking a special study of the New Guinea issue. He reminded the Secretary of Sukarno's intention to visit some Latin American countries shortly, which might result in an erosion in the General Assembly in favor of the Indonesian position. He thought that the implications of the adoption of any Indonesian resolution, however moderate, could be very serious. The sovereignty issue would be there, however well concealed it would be by a moderate resolution, and would at the same time attract broader support. He was sure that on the sovereignty issue the Dutch would not yield. He concluded by referring to the unstable political situation in Indonesia, particularly the communist influence in Java, and the implications for SEATO and the security of the area, which was a

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[1]Source: Department of State, Central Files, 741D.00/8–2957. Secret. Drafted by Walmsley.

[2] Dated August 29, not printed. (*Ibid.*)

common concern of both the United States and Australia, although of immediate and special concern to his own country.

The Secretary confirmed that he had directed the staff to undertake a study of the New Guinea problem in the light of the present Indonesian situation; that is to say, the new factors in the picture, but he said that in talking of the matter with the Netherlands Ambassador he had stated that no inference was to be drawn as to a possible shift by the United States. The Secretary agreed that the political situation in Java was bad and that under such circumstances Indonesian control of New Guinea would be bad. This common concern of Australia and the United States indicated the importance of discussing the matter in the coming ANZUS meeting, in early October.

In concluding the conversation on this matter Sir Percy wished to make an additional point. He said that in case the United States should not change its position on New Guinea from the present one of neutrality, could we not say to, for example, the Latin American delegations, who do not have the same political stake that the United States does, that they might oppose the Indonesian initiative. This might prevent the erosion that he feared from the Latin American side. The Secretary made no comment.

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259. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 30, 1957—4 p.m.

569. During forty-five minute talk with Dr. Hatta this morning he gave me his ideas about Communist situation here and forthcoming national roundtable conference.

Dr. Hatta says there is no immediate danger of a Communist take-over but that situation would become critical if non-Communist parties and leaders fail to understand situation. Hatta gives three reasons why he believes there is no immediate threat. In the first place he maintains that there is but little likelihood of Communists being able to take over Central Government through parliamentary means as outer islands plus provinces outside Central and East Java will provide non-Communist majorities for Parliament. In second place if Communists should attempt to use extra-legal means to take over government, army would prevent it. While Hatta admitted there

[1]Source: Department of State, Central Files, 756D.00/8–3057. Secret.

were divisions in army over many questions, he is confident that on question of Communist take-over army would unite with exception of a few individual officers. Same opinion has been expressed to me recently by both Subandrio and Pringgodigdo.[2] In third place Hatta believes Communists would have great difficulty in any attempted take-over because of the lack of strong individual leaders in PKI. He said that if Musso[3] were alive situation would be different but he characterized present head of party Aidit as "playboy".

Hatta therefore believes there is still time for steps to be taken to reduce Communist influence. This will require, in his opinion, considerable improvement in economic situation in Central and East Java and there should be more land given to the peasants. Also something should be done to cause older leaders of PNI to realize danger of continued cooperation with the PKI. Hatta says that younger leaders of PNI are convinced of danger and ready to change but that the elders, such as Suwirjo are reluctant to admit they have made mistakes in the past.

Hatta agrees with Sukarno's statement to me that probably not more than one percent of those who voted PKI are ideological Communists, but he recognizes, as Sukarno did not, that this one percent can be extremely dangerous and can control the activities of the party. Contrary to opinion expressed to me by Subandrio, Hatta believes that PKI looks more toward Moscow than Peking. In explaining this belief it was apparent that Hatta, in common with many other non-Communist leaders not only in Indonesia but elsewhere in Asia view Chinese Communists in different light than Russian Communists. Hatta expressed belief that whereas Russians were first Communists and secondly Russians, Chinese were first Chinese and secondly Communists. In talking about Communist China, Hatta said he anticipated increasing difficulties for the Peking regime as they make more clear to Chinese peasants their ideas on collectivization of agriculture. Hatta hopes that his forthcoming visit to Communist China will give him an opportunity to check this belief. He also hopes to visit the Muslim areas in Communist China to see just exactly how much freedom they are being allowed.

Reverting to Indonesian Communist situation, Hatta said that reason for great upsurge in Communist voting was (1) superior organization of PKI to other parties, (2) unlimited promises made by PKI which uneducated masses are unable to evaluate correctly, and (3) activities of Sukarno. He says Sukarno's actions stem primarily from his intense emotional conviction that Indonesian revolution will not

[2]Now Senior Auditor of the Government.

[3]Former Indonesian Communist Party leader Musso had been killed during the Madiun uprising of 1948.

be finished until West Irian becomes part of Indonesia and his belief that in order to achieve this great mass of Indonesian people must be united back of this aim. Sukarno's flirtation with PKI is therefore explained by his desire to keep the masses on his side not for Communist purposes as such but as an aid in achieving President's aim of getting West Irian for Indonesia.

With respect to coming national roundtable conference, Hatta stated it is a step in the right direction. He believes it will give an opportunity for the outlying regions to bring their point of view to bear directly on Central Government and Sukarno but he cautions that we should not expect too much from the conference. He appears to believe that if it creates a better atmosphere between the Central Government and the outlying regions it will have done well and that with the creation of such an atmosphere it will be possible to work out in time solution to the many practical problems confronting the regions and the Central Government. Hatta seemed to be somewhat hazy about his exact role in this conference but said that he had agreed to participate on Djuanda's request because he felt everything possible should be done to eliminate the distrust and suspicion which has been governing the relations with the outer regions. Hatta said that his activity in the conference would to some extent be conditioned upon attitude taken by Sukarno and that if the President maintained too uncompromising a position he would probably not actively participate though he might not necessarily walk out. He gave no indication that he would acquiesce in any face-saving compromises unless he believed they were necessary prelude to future accomplishment. During whole conversation Hatta showed no evidence of any undue concern as to possibility of violent action by dissident groups. He did say that there were younger men both in and outside the military who were inclined to be impatient and who sometimes advocated extreme action, but in his opinion these individuals were not unified and did not represent a serious immediate danger. He said that from his knowledge of the Sumatran leaders he knew their aim was not separatism but autonomy and the achievement of recognition by the Central Government of their local problems. Hatta said he would be glad to see me at any time and would give me his opinions on the local situation again after the meeting of the national conference.

Allison

260. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, August 30, 1957—5 p.m.

570. Reference Manila tel 789 to Department, repeated information Djakarta 102, Singapore 78.[2] Embassy has had other reports Sumual seeking arms. He is reported to have obtained jeeps . . . .

On basis discussions number prominent leaders including Subandrio, Djuanda, Hatta and Sukarno and other sources consensus here is that unlikely Communists could take over country on short notice. Despite results provincial elections Java, unlikely they could find technique for achieving power legally prior to election two years hence, if then. All our sources who have commented on Army believe that it remains anti-Communist and would prevent illegal assumption of power by Communists.

Sending of Java troops to Sumatra in March 1957 resulted in no violence and they were shortly withdrawn. At this time it is unlikely responsible officials will order military action against dissident elements in Sumatra or Sulawesi or that Army here has any desire to engage in military action against Sumatra or Sulawesi. Djuanda has told me force would not be used against Sulawesi and Sumual apparently has confidence this is so or he would not have come to Djakarta August 28 on summons from Djuanda.

Opinion among responsible sources are [*on*] possible success regional round table meeting divided. Hatta not over optimistic.

We do not anticipate complete and immediate settlement all outstanding difficulties. However, mere fact of recognition by central government that provinces have legitimate complaints should have psychological effect tending to ameliorate tensions. We are hopeful that conference will constitute step toward eventual typical Indo compromise.

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Allison

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[1]Source: Department of State, Central Files, 756D.56/8–3057. Secret; Limited Distribution. Repeated to Manila and Singapore.

[2]Telegram 789 from Manila, August 28, reported an approach to an Embassy officer by an Indonesian who said he was attempting to purchase arms in the Philippines for dissident military commanders in Sumatra and Sulawesi. (*Ibid.*, 756D.56/8–2857)

261. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, August 31, 1957—3:57 p.m.

474. Department appreciates considerations raised your 505,[2] but your statement that Department's position reflects "completely defeatist attitude" is gross misinterpretation of Department's thinking. Our concern is 1) that advantage may be taken of conference by Communists or Army to arrest or eliminate leading anti-Communist elements present Djakarta, and 2) that for lack of adequate preparation conference may not succeed which would only strengthen hand of Sukarno and lead to further disintegration of Indonesia to advantage of Communists. You should seek and report as much information as possible concerning conference.

Dulles

[1]Source: Department of State, Central Files, 756D.00/8–2657. Top Secret; Limited Distribution. Drafted by Mein and Murphy; approved by Murphy; and cleared with Cumming, Howard P. Jones, and the Executive Secretariat. Repeated to Kuala Lumpur for Under Secretary Herter.

[2]Document 255.

262. Report Prepared by the Ad Hoc Interdepartmental Committee on Indonesia for the National Security Council[1]

Washington, September 3, 1957.

SPECIAL REPORT ON INDONESIA

The Implication for U.S. Security of Recent Developments in Indonesia, Especially Communist Political Gains in Java

[1]Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series. Top Secret. The Ad Hoc Interdepartmental Committee on Indonesia was established pursuant to NSC Action No. 1758 (see footnote 3, Document 240). The report was circulated to NSC members with a covering memorandum of September 6 from Lay and a letter of September 3 from Hugh S. Cumming, the committee chairman, to Lay. Cumming's letter noted that the committee had held seven formal meetings, at "practically all of which" representatives were present from the Departments of State and Defense, Joint Chiefs of Staff, Central Intelligence Agency, International Cooperation Administration, National Security Council, and Operations Coordinating Board. The letter also stated the committee suggested updating NSC 5518 in light of any action the NSC might take on the report.

Continued

1. Should the Communists gain effective political control of the Central Government or at least of the Island of Java or both, U.S. security interests would be seriously affected:

a. In the short run the most important implications of a Communist takeover on Java would be psychological and political. The general position of non-Communists in Asia would be weakened as the non-Communist states of Southeast Asia would feel themselves squeezed between Communist China and Communist Viet-Nam on the north, and Communist Java on the south.

b. In the long run the military implications would be grave as, from bases on Java, bloc military forces could threaten directly Malaya, Singapore, British Borneo, the Philippines, New Guinea, and Australia.

2. Should the Communists eventually gain control of the Indonesian archipelago, in addition to the consequences stated in a and b above, the U.S. strategic posture in Southeast Asia and the Southwest Pacific would be jeopardized. Communist control of Indonesia would split off Australia and New Zealand from Southeast Asia and would sever sea lines of communication and hinder air communication between the Pacific and Indian oceans. Additionally, it would make very difficult the provision of U.S. military support to Laos, Cambodia, Thailand, Viet-Nam and Malaya. Control of Indonesia by the Communists would be an encroachment into the Pacific offshore island chain (Japan, the Ryukyus, Taiwan and the Penghus, the Philippines, Australia and New Zealand) which current U.S. policy describes (NSC 5429/5, paragraph 5a[2]) as an element essential to U.S. security. Furthermore, the Communist bloc would benefit from the exploitation of Indonesia's oil, rubber, and tin; these resources could also be denied as an economic warfare measure to the discomfort of the Free World.

Summary Approaches by the United States to Present Indonesian Situation

4.[3] The United States is faced with three possible approaches:

a. To continue the present programs in the hope that Communist gains per se will arouse and unify non- and anti-Communist counter forces sufficiently to reverse the trend of the growth of Communist power.

Annex A, entitled "Types of Action Which Might Be Taken Under 8b Regarding Economic Development and Technical Assistance Programs", and four appendices, entitled "The Implications for U.S. Security of Recent Developments in Indonesia, Especially Communist Political Gains in Java," "Economic and Technical Assistance Programs in Indonesia," "USIA Operations in Indonesia," and "Educational Exchange Program, Indonesia," are not printed.

[2]For text of NSC 5429/5, December 22, 1954, see *Foreign Relations*, 1952–1954, vol. XII, Part 1, p. 1062.

[3]There is no numbered paragraph 3 in the source text.

b. To terminate our aid programs in the hope that such action will shock the non- and anti-Communists into action against the Communist forces.

c. To continue the present pattern of our formal relationships with Indonesia, but so to adjust our programs and activities as to give greater emphasis to support of the anti-Communist forces in the outer islands while at the same time continuing attempts to produce effective action on the part of the non- and anti-Communist forces in Java.

Approach c has the greatest promise of achieving U.S. objectives.

Bases for U.S. Planning

5. The following factors provide the principal bases for U.S. planning:

a. Sukarno, who remains a key figure in Indonesia, has become increasingly identified with the PKI.

b. The Indonesian Communist Party, whose capabilities have increased rapidly during the past year, has by far the most solid and effective political organization in Java.

c. The non-Communist forces throughout Indonesia, while disparate and of differing motivation, are still in a numerical majority. However, they are far stronger on the outer islands than on Java.

d. The Army on Java is rapidly becoming less reliable politically because of the removal, in many cases calculated, of anti-Communist officers from positions of influence, particularly control of troop units.

e. Although our long-term programs on Java will in themselves not have a decisive impact or a decisive effect in the present worsening circumstances, their continuance . . . can provide the framework and support for an all-inclusive program to unify the as yet substantial but still unorganized non- and anti-Communist elements there.

Recommendations

6. Since the most promising approach at this stage for the United States lies in exploiting the not inconsiderable potential political resources and economic leverage available in the outer islands, particularly in Sumatra and Sulawesi (Celebes), we should, to utilize and develop this asset in accordance with paragraph 12 of NSC 5518:

a. . . . strengthen the determination, will and cohesion of the anti-Communist forces in the outer islands, particularly in Sumatra and Sulawesi, in order through their strength to affect favorably the situation in Java, and to provide a rallying point if the Communists should take over Java.

b. . . .

c. Utilize such leverage as is available and may be built up by the anti-Communist forces in the outer islands to continue our efforts to try to unify and stimulate into action, singly or in unison, non- and anti-Communist elements on Java against the Communists.

7. Despite the fact that our courses of action thus far have been unsuccessful in stemming Communist growth on Java, our best course of action to contribute to the establishment of a government able and willing to pursue vigorous anti-Communist domestic policies and actions is to:

a. Promote effective action singly and jointly among non-Communist elements, particularly the Masjumi, the NU, and the PNI, against the Communists.

b. Seek to prevent the growth of the military potential of the government military forces on Java, as these may ultimately fall under Communist influence and be used to reduce the anti-Communist forces in the outer islands. However, . . . support the non- and anti-Communist elements in the military and paramilitary forces on Java and in the Central Government.

c. Induce within Java a psychological awareness of the menace of Communism on Java by utilizing, among other things, the following themes as appropriate:

(1) Identify the PKI with the Sino-Soviet bloc and in this connection stress the roles of the Soviet and Communist Chinese Embassies.

(2) Emphasize the extent of Communist influence and control of Sukarno.

(3) Identify the PKI, Sukarno or both as the cause for the growth of tension between the outer islands and Java.

d. Utilize these and similar themes as appropriate and feasible elsewhere in Indonesia and in the world to focus world public opinion on the Communist menace on Java.

8. There is little possibility at this time that the abrupt termination of our economic and information programs in Indonesia would assist in either spurring the non-Communists into effective action against the Communists or weakening the Communists. On the other hand, there is a strong probability that their abrupt termination would strengthen the Communists and discourage non- and anti-Communists on Java. Therefore, it is recommended that these programs in Indonesia be handled on the following principles:

a. For the time being there should be no official indication that we are reconsidering our policies.

b. Unless and until Communist strength declines on Java, our technical assistance program and all our economic development programs should be oriented toward the outer islands. (For information as to type of action which might be taken under this paragraph, see Annex A.)

9. . . .

10. For the time being our official diplomatic relations with Indonesia should be maintained as near as possible to what they have been in the recent past.

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263. Telegram From the Embassy in Vietnam to the Department of State[1]

Saigon, September 8, 1957—9 p.m.

Secun 5. For Secretary from Herter. The highlights of our Bangkok visit were (1) interviews with Prime Minister Pibul, the Acting Secretary of Foreign Affairs, and several Ministers in the government whom we met at social functions; (2) the ceremonies attendant on the third anniversary of SEATO; (3) a long talk with Ambassador Allison from Jakarta.[2]

[Here follow several paragraphs concerning Herter's impressions of Thailand and the SEATO ceremonies.]

Allison showed me all his most recent cables to Department. As you know he is not convinced that Soekarno has gone over the line beyond redemption although he thinks there is a real possibility that this may happen. He will be back in Jakarta Tuesday and will be following the regional conference with some hope that representatives of Sumatra and Celebes as well as Hatta and the moderates may bring Soekarno to realize that a furtherance of Communist policies may well lead to a strong separatist movement which now only in embryonic stage. . . . He is of course most anxious to have U.S. back up Indonesian claims to West New Guinea in that he is convinced that this is becoming strongest nationalist issue in Indonesia as a whole and that we could recover much lost ground if we could as he puts it side with 80 million Indonesians as against the 4 million Dutch who have to remain our friends anyway.

On this issue I am sure that Minister of External Affairs Casey of Australia will want to talk to you personally since of course this is a matter in which Australia is vitally interested. Casey hopeful he can have good talk with you either in New York or Washington after your return from U.N. and I presume you will want to give him pri-

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[1]Source: Department of State, Central Files, 790.5/9–857. Secret.

[2]Allison had gone to Bangkok to brief Herter on the situation in Indonesia.

ority in arranging your schedule. I told him that you would advise New York when most convenient for you to see him.

Will be seeing Ambassadors Strom and Parsons from Cambodia and Laos in Saigon.

All well and send best.

Durbrow

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264. Telegram From the Department of State to the Consulate General at Hong Kong[1]

Washington, September 9, 1957—4:38 p.m.

Unsec 13. For Herter from Secretary. Thanks your Secun 5.[2] Your Bangkok impressions reassuring.

As regards Indonesia, we will of course have to study closely West Irian matter. Offhand, I do not like idea of shifting our position away from the Dutch and toward Sukarno as Sukarno moves further and further toward Communism. I am reluctant to see movements toward Communism become a paying proposition so far as US is concerned. I will of course discuss this matter fully with Casey at New York or Washington.

I am glad you continue well despite heavy gastronomic and other burdens. Foster.

Dulles

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[1]Source: Department of State, Central Files, 656.9813/9–957. Secret. Drafted and signed by Dulles.

[2]*Supra.*

265. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, September 13, 1957—3 p.m.

697. No distribution outside Department. Department telegram 553.[2] I have studied carefully Department's 553 and 530[3] . . . .

While there is much in analysis and recommendations of Ad Hoc Committee with which I agree, there is also much with which I disagree or about which I should desire more detail before making final comment. It also seems to me that Ad Hoc Committee has proceeded on certain assumptions which I believe are questionable and has failed to consider certain possibilities of action which in my opinion would be most helpful.

I find little or no evidence in either Committee report or NIE 65–57 of any real consideration of the reasons for the great Communist gains or for Sukarno's increasing reliance on Communist support. I do not believe valid recommendations can be made for a cure without considering the causes of the disease. Apparently Washington has not considered what the effect of United States policies present and past may have had on recent Indonesian developments. While certainly much of the responsibility must be taken by the Indonesians themselves, I believe it would be helpful to consider also the mote in our eye.

While both Committee report and NIE 65–57 recognize the key position occupied by Sukarno, no attempt is apparently to be made to influence him to change his ways. He is presumably beyond redemption. I just don't believe this is so. It will be difficult to influence him and certainly if the report of the Ad Hoc Committee is adopted in full it will probably be impossible, but given patience, imagination and a willingness at least to consider significant changes in our over-all policy toward Indonesia and toward Sukarno personally, I believe there is a chance that progress can be made toward reducing Sukarno's reliance on the Communists and toward reducing Communist influence in the country at large.

As I read Department telegram 553 the Committee in essence recommends that we keep to our present policy . . . . This seems to me too negative an approach and one fraught with considerable danger.

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[1]Source: Department of State, Central Files, 756D.00/9–1357. Top Secret; Priority; Limit Distribution.

[2]Telegram 553 to Djakarta, September 10, summarized the Special Report on Indonesia, Document 262, and requested Allison's views on its analysis of the situation and recommendations. (Department of State, Central Files, 756D.00/9–1057)

[3]Telegram 530 to Djakarta, September 7, summarized the conclusions of NIE 65–57, Document 257. (Department of State, Central Files, 101.21–NIS/9–757)

With respect to specifics of Department telegram 553, I agree with statement that if Communist gains on Java continue unchecked it will seriously affect United States security interests. While I agree that approach (c) has the greatest promise of the three put forward, I believe there is a further and to my mind better approach which could be made. This would add to approach (c) the factor of a sufficient change in United States policy toward West Irian issue and other Indonesian desiderata to give the non-Communist forces some material to work with and some hope of being able to convince Indonesian people that they have as much to gain from friendship with United States as with USSR. These are a naive, emotional, vain people and simple logic and bare facts do not appeal. Sukarno still sways them and unless we can find some way of swaying Sukarno I fear we will have but little success. This swaying can be done I believe by a combination of exploiting, as Committee recommends, the political and economic leverage of outer islands and non-Commie forces in Java with an over-all United States policy which will make it possible for Sukarno to believe his long-range interests lie with United States rather than elsewhere. If we only follow approach (c) as outlined in Committee report, we may gain short-range success but we will sooner or later be faced with necessity of facing up to Indonesian emotions and prejudices, which are not exclusive property of Sukarno, but without Sukarno to act as the dynamic leader and unifying force recognized in para 35 NIE 65–57.

Regarding basic factors for United States planning, I agree with (a) and (b) but again point out there is no study made of causes for this situation. Agree with (c). With respect to (d) my Army Attaché's office completely disagrees and has pointed to exactly an opposite trend. From personal knowledge I would hesitate to judge but I am convinced that my Army Attaché's office has . . . good sources within Army . . . and has a much closer relationship of give and take with influential officers. While it certainly is not decisive I find it of some significance that war plan of Indonesian Army assumes Commie China as potential enemy and the United States as Indonesia's ally under certain circumstances. With respect to (e) I have same comments as with regard to approach (c) above.

Concerning Committee's recommendations I would agree with general approach plus additional factors mentioned above. I do not understand full implications recommendation (a) and should like have clarification as to just what it means. Same applies to (b). I would agree with (c) but be somewhat skeptical of results.

I agree with recommendation (a) on courses of action on Java with caveat that the establishment of a government able and willing to pursue a vigorous anti-Communist policy is most unlikely in the near term future. I remain of opinion that most we can reasonably

expect is a truly independent non-Communist government. The other may come eventually and we should not stop working for it but should recognize that premature or too vigorous insistence on an anti-Communist government may prevent the establishment of a non-Communist government. We should remember that there as in other cases the perfect is often the enemy of the good. While I have some sympathy with first sentence of recommendation (b) it seems contradictory to second sentence and I should like clarification. Has consideration been given to fact that if we refuse central government's requests for arms it may well turn elsewhere but that if we meet at least some of their requests we will be in a position through supply of spare parts and replacements to exercise some degree of influence and control? Refusal to meet any of requests may well alienate many of our good friends in Army hierarchy who devoutly hope and work for closer relations with United States and who, having been trained in America, do no want their military machine to be dependent upon non-American sources. Recommendation (c) seems both unrealistic and unwise to me. Constant stressing of dangers of Commie China or USSR soon becomes counter-productive here. Non-Commie Indonesian leaders already understand extent of Commie [influence?] on Sukarno and his share in creating tensions between central government and regions. Masses are not interested and probably would not believe anyway. Focusing of world opinion on Communist menace in Indonesia could well have opposite result from what we desire. I am most skeptical of its usefulness.

I fully agree with statement that abrupt termination of economic and information programs would do more harm than good and concur in recommendations (a) and (b). I interpret (b) to mean that while not terminating programs on Java greater emphasis in planning future programs will be on outer islands as is done by recent $15 million loan.

. . . . . .

Allison

266. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, September 19, 1957.

SUBJECT

Consideration by NSC of Special Report on Indonesia[2]

The attached "Special Report on Indonesia" (Tab A)[3] prepared by the Committee appointed in accordance with the NSC decision on August 1 will be submitted to the Council at its meeting on Monday, September 23.

Committee Report

The Committee finds that the most promising approach for the United States at this stage of developments in Indonesia lies in exploiting the political resources and economic leverage available in the outer islands and recommends that we utilize and develop these assets. Specifically the Committee's main recommendations are:

1. *In the outer islands.* The U.S. should ". . . to strengthen the anti-Communist forces in the outer islands in order through their strength to affect favorably the situation in Java and to provide a rallying point if the Communists should take over Java; and that more forthright means be undertaken if the situation in Java continues to deteriorate.

2. *Java.* The United States should a) seek to promote effective action among the non-Communist elements against the Communists, b) seek to prevent the growth of the military potential of the government forces on Java while at the same time utilizing and supporting the non and anti-Communist forces in the military and paramilitary forces on Java and in the Central Government, c) induce a psychological awareness of the menace of communism on Java, d) seek to focus world opinion on the Communist menace on Java.

3. *U.S. Aid Programs.* The abrupt termination of economic aid and information programs in Indonesia is not desirable but they should be handled so as to give no indication that we are reconsidering our policies, and our Technical Assistance Program and our Economic Development Program should be oriented toward the outer islands.

. . . . . .

[1]Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series. Top Secret. Sent to Secretary Dulles with the memorandum *infra*, copies of NSC Action No. 1758 (see footnote 3, Document 240), and NSC 5518 (Document 95) on September 23 as part of his briefing material for the NSC meeting that day.

[2]Document 262.

[3]The tabs are not attached to the source text.

5. *Diplomatic Relations.* For the time being our official diplomatic relations with Indonesia should be maintained as near as possible to what they have been in the recent past.

The Committee's recommendations are based on the following premises: 1) That the Communists on Java have not only a relative but also an absolute majority and that the trend cannot be reversed by any action we might take; 2) that we wish to strengthen the dissident regional elements so that in their negotiations with the Central Government they will be negotiating from a position of strength and the government from one of weakness; 3) that failing successful negotiations, and should the regional elements break away, we will have laid the groundwork for strengthening the outer islands; 4) that in the event of a civil war the anti-Communist forces will have greater strength; 5) that time is running in favor of the Communists and against us.

. . . . . .

Planning Board Recommendations

The Planning Board has considered the report, and its comments and recommendations are attached as Tab B.[4] The Planning Board concurs in the recommendations submitted in the report and recommends their adoption by NSC, subject to a change in the wording of Par. 9. . . .

The Planning Board also refers to the possible consideration by the UN of the West Irian issue and comments that the ad hoc Interdepartmental Committee had concluded that the public position of the United States on this question should not be changed. The Committee's report is silent on this point. At your request we are reviewing our policy on West Irian and will shortly place some recommendations before you for your consideration. Although the position reported to have been taken by the Interdepartmental Committee is that favored by FE, it would seem preferable to postpone any consideration of this subject by the NSC until such time as the Department's review has been concluded.

Recent Developments in Indonesia

A national conference attended by representatives of the Central Government and of the regions, including some of the dissident leaders, and with President Sukarno and former Vice President Hatta as advisers, was held in Djakarta September 10–14. The complete results

[4]The report was circulated to NSC members with a covering memorandum of September 13 from Lay. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series)

of the conference are not yet known. From reports we have received it appears that the conference had a certain measure of success and may have served to bring the dissident elements and the Central Government into closer relationship. Sukarno and Hatta signed a statement in which they undertook to cooperate in settling the problems of Indonesia, but as yet we do not know what position Hatta will occupy although he is expected to be given some responsibility in the government in the near future. The conference also agreed unanimously on the recommendations submitted to it by its subcommittees, except the military which had not concluded its work, and on a resolution which stated inter alia that with the conclusion of the conference normal relations between the Central Government and the provinces had been reestablished on the basis of the constitution and the existing law. The military committee has now agreed to leave the solution of the question of Army disunity to the Government and a special committee of seven members, and to abide by its decision. It is still too early to appraise fully the results of the conference but it is not altogether unlikely that following this meeting the Central Government and the dissident elements may be able to work out some of their differences.

In view of these recent developments in Indonesia and the inconclusive information available at this time, it would seem preferable to not reach any final decision on a course of action such as suggested in the Committee's report until we are more definite about the decisions of the conference and on the actions which the Central Government plans to undertake to implement them. Also, in view of the statement in the resolution approved by the dissident elements present at the conference that normal relations had again been established with the Central Government, we may in fact wish to consider at a later date an entirely different course of action than that recommended. It would seem advisable, therefore, that the Council merely take note of the Committee's report and postpone any final decision until the post-conference situation in Indonesia can be more fully appraised.

Ambassador Allison's Comments

The Ambassador's comments are attached at Tab C.[5] The Ambassador questions some of the assumptions of the Committee and is of the opinion that certain possible courses of action which might be helpful have not been considered. The Ambassador is of the opinion that Sukarno is not "beyond redemption" and that it is still possible to reduce his reliance on the Communists. He also feels that we should support the Indonesian position on West Irian, as a means of

[5]Presumably telegram 697, *supra*.

winning Sukarno over, at the same time weakening the Communist position in Indonesia. The Ambassador also makes specific comments on the points made in the paper and on the various recommendations of the Committee.

Recommendation

That at the Council meeting you recommend that the Committee's report be received but that no action be taken on it at this time.

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267. Memorandum From the Secretary of State's Special Assistant for Intelligence (Cumming) to the Secretary of State[1]

Washington, September 20, 1957.

SUBJECT

Consideration by NSC of Special Report on Indonesia

The following are my thoughts on the recommendation of FE that the National Security Council take no action at this time on the Special Report on Indonesia which has been concurred in by the NSC Planning Board.

The situation in Indonesia has been steadily deteriorating to the advantage of the communists for some time past. From time to time, there have been temporary improvements in the situation such as for example, during the administration of the anti-communist Harahap Government which held office during the latter part of 1955 and early 1956. Such temporary setbacks to the communists have, however, always been followed by a relapse in their favor.

At the present time, the cabinet is headed by Prime Minister Djuanda who is anti-communist and within the Indonesian framework of neutrality between East and West inclined to be pro-Western. However, the Cabinet contains one crypto communist and at least three other individuals who are, to say the least, fellow travelers.

The National Conference recently held in Djakarta and participated in by representatives of the Central Government, as well as some of the dissident leaders from the outlying regions, produced inconclusive results. Preliminary reports suggest that such successes as it may have achieved are only superficial and along the customary

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[1]Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5518 Series. Top Secret. See footnote 1, *supra*.

lines of face-saving compromise, typical of Indonesian "solutions" to political disputes. In my opinion, there is no evidence to suggest that the Conference has produced "solutions" which in the months to come will stem the steady growth of communist strength on the island of Java.

In my opinion, the fact that the Conference did not result in a complete victory for President Sukarno or for the supporters, witting or unwitting, of policies which have proved to be to communist advantage is due to the firm position taken by the anti-communist dissident leaders from the outlying areas of Indonesia (especially Sumatra and the Celebes). . . .

I believe that unless we embark on the program recommended by the Special NSC Committee and approved by the NSC Planning Board, we will, in a few months time, see a resumption of the cycle of events to which we have long been accustomed to Indonesia: namely, long periods of growing Communist strength interrupted only by temporary set-backs such as during the Harahap government and perhaps briefly at the present juncture following the National Conference.

Due to the geographical makeup of Indonesia, we have the opportunity given us as in no other part of the world to take active measures to stem and perhaps to turn back growing internal Communist strength. The country is an archipelago. The central Island of Java shows growing Communist strength despite the fact that anti-Communists have a numerical and perhaps moral superiority even though they are somewhat disorganized. The outlying areas, notably Sumatra, contain most of the natural wealth of the country and are strongly anti-Communist. To allow this anti-Communism, . . . to lose its present momentum, . . . could lead, in my opinion, either to an inevitable creeping extension of Communism to the whole country or perhaps to a civil war which might result in fragmentation of the republic, if an anti-Communist control over the whole country proved impossible of attainment.

268. Memorandum of Discussion at the 337th Meeting of the National Security Council, Washington, September 23, 1957[1]

[Here follows a paragraph listing the participants at the meeting.]

1. Special Report on Indonesia[2] (NSC 5429/5; NSC 5518; NSC Action No. 1758; NIE 65–57; Memos for NSC from Executive Secretary, same subject, dated September 6 and 13, 1957[3])

Mr. Cutler briefed the Council in great detail on the report of the Interdepartmental Committee on Indonesia. (A copy of Mr. Cutler's brief is filed in the minutes of the meeting.[4]) At a pre-arranged point in his briefing, Mr. Cutler paused and asked the Director of Central Intelligence to provide the Council with the latest available intelligence material bearing on this subject.

Mr. Dulles spoke first of the recently-concluded Round Table Conference at Djakarta. Despite widely divergent views among the conferees, the Conference was actually held at Djakarta and an agreed communiqué issued. Nevertheless, no real or substantial progress toward a settlement of the outstanding issues was recorded. In short, the Conference was like a sedative—it reduced the pain, but it effected no cure. The recommendations with respect to economic and political problems were fuzzy in character. While Sukarno and Hatta managed to agree on an innocuous joint statement, there was no real meeting of minds between these two leaders. While some Indonesian officials in Djakarta feel that the Conference was at least a psychological success in laying the basis for a future settlement, leaders from the outlying islands continue pessimistic.

The attempt to solve military problems confronting the Round Table Conference was a complete failure, and these problems were turned over to a seven-man subcommittee for settlement at some future time, after Hatta's return from his forthcoming trip to Communist China. In sum, continued Mr. Dulles, the intelligence community estimates that the stalemate remains, and that Djakarta will

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[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Gleason on September 24.

[2]Document 262.

[3]NSC 5429/5 is printed in *Foreign Relations*, 1952–1954, vol. XII, Part 1, p. 1062. NSC 5518 is Document 95. Regarding NSC Action No. 1758, see footnote 3, Document 240. NIE 65–57 is Document 257. The memorandum of September 6 transmitted the Special Report on Indonesia to NSC members (see footnote 1, Document 262); the memorandum of September 13 transmitted the comments and recommendations of the NSC Planning Board on the report (see footnote 4, Document 266).

[4]Not found.

be unwilling or unable to meet the economic demands of the outlying provinces of Indonesia.

As to the oil situation, Mr. Dulles pointed out that there were three major oil companies now operating in Sumatra—two of them American and one British. They are still paying their revenues to the Central Government at Djakarta with the permission of the local authorities on Sumatra, who have been sympathetic to the dilemma in which the oil companies are finding themselves. Incidentally, Mr. Dulles reported that the estimate of oil resources on Sumatra has been upped a great deal recently. A 20-billion-barrel reserve is currently estimated, and this is only the beginning.

The President inquired of Mr. Dulles why Hatta was making a journey to Communist China. Mr. Dulles replied that he could think of no particular reason, but that most Asiatic leaders visit Communist China at one time or another. He added that he was not particularly worried about Hatta's trip, because Hatta was a strong anti-Communist.

. . . . . .

Pointing to the map, the President inquired how it happened that the Central Government still held on to a position in the northern part of Sumatra. Mr. Dulles explained that the loyalty of the local commander at Medan was still to the Central Government.

Having finished his briefing, Mr. Cutler called on the Secretary of State for his comments on the recommendations of the Interdepartmental Committee as revised by the Planning Board.

Secretary Dulles replied in general he agreed with the Committee's recommendations, and added that indeed these recommendations constituted no radical departure from our present policies and actions vis-à-vis Indonesia. However, Secretary Dulles pointed out that the Committee's program must be carefully handled and be flexible in its execution. Secretary Dulles said he had one additional comment—that was with respect to the position of the United States in any vote in the UN on resolutions which might be submitted with regard to West New Guinea (Irian). We cannot, continued Secretary Dulles, permit ourselves to be placed in a frozen position on these resolutions, because we are never sure of the precise form and content of such resolutions until we actually see them, although in general we agree that our present position of neutrality with regard to West New Guinea should be preserved for the present. However, in the future we might wish to say to the Indonesians, in effect, that if they go on to accept Communist rule, we will be obliged to oppose their efforts to secure control of Irian; or, on the other hand, we might find ourselves in a position of desiring to support the claims of

a strong anti-Communist Indonesian government to Irian. Hence we need to be flexible.

Asked for his opinion, the Acting Secretary of Defense, Mr. Brucker, said that the Department of Defense approved the recommendations of the Interdepartmental Committee. However, he went on to say that he wished to add a suggestion with respect to the revision of paragraph 9 of the Special Report. He proceeded to read a version of paragraph 9 very much along the lines of the original Defense–JCS proposal which had been supplanted in the Planning Board by the agreed version recommended by the Planning Board.

Upon hearing Secretary Brucker's proposal, the President expressed the opinion that the proposal contained elements that could not appropriately be placed in an NSC policy. Mr. Cutler added that the Planning Board had considered the proposal read by Secretary Brucker, but had rejected it for much the same reason that the President had just suggested. Secretary Brucker then stated that the Department of Defense was not pressing this proposal, and that it agreed thoroughly with the State Department. He had simply wanted to bring this other version of paragraph 9 to the attention of the National Security Council.

At the conclusion of the discussion of this item, the Director of Central Intelligence warned the Council that if the United States were to support the Dutch thesis as to New Guinea, we might find ourselves alienated from Indonesian Nationalists just as completely as from Indonesian Communists. . . .

The National Security Council:[5]

a. Noted and discussed the Special Report on Indonesia, prepared by the Interdepartmental Committee established pursuant to NSC Action No. 1758 and transmitted by the reference memorandum of September 6, 1957, and the comments and recommendations thereon by the NSC Planning Board, transmitted by the reference memorandum of September 13, 1957; in the light of views of the Joint Chiefs of Staff as reported at the meeting, and of an oral briefing on the situation in Indonesia by the Director of Central Intelligence.

b. Adopted the Recommendations of the Interdepartmental Committee in the Special Report, subject to the following amendment:

. . . . . .

c. Noted the observation by the Secretary of State that there is inherent flexibility in the Special Report as to the application of its Recommendations; and that the Department of State should also

[5]The following paragraphs constitute NSC Action No. 1788. (S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1957)

have flexibility as to the U.S. position in the United Nations on the West Irian question (paragraph 19 of NSC 5518) because all contingencies could not be foreseen.

d. Noted that the early consummation of the loan agreement with Indonesia, relative to proceeds from the March, 1956, P.L. 480 agreement,[6] would provide assets for the United States to use in implementing the policies in paragraph 8–b of the Special Report.

e. Agreed that the attention of the National Advisory Council[7] should be called to the national security interest in dealing with the matters referred to in paragraph 6 of Annex A of the Special Report.[8]

f. Directed the NSC Planning Board to review NSC 5518 in the light of the Special Report as amended, and to make recommendations thereon to the National Security Council.

Note: The Special Report on Indonesia, as amended and adopted,[9] together with the statements noted in c and d above, as approved by the President, referred to the Operations Coordinating Board as the coordinating agency designated for NSC 5518, pending the review of NSC 5518 pursuant to f above.

The action in e above, as approved by the President subsequently transmitted to the Secretary of the Treasury.

[Here follows discussion of the remaining agenda items.]

S. Everett Gleason

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[6]See footnote 4, Document 179.

[7]Reference is the National Advisory Council on International Monetary and Financial Problems.

[8]The paragraph noted that present and future Indonesian applications to the Export-Import Bank should be "kept under study but no final action should be taken at this time."

[9]Only the Recommendations section of the Special Report (paragraphs 6–10) had been adopted. That section, as amended by the National Security Council and with the paragraphs renumbered as paragraphs 1–5 under the heading "Recommendations on U.S. Policy Toward Indonesia," was circulated to NSC members with a covering memorandum from Lay dated September 25.

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269. Memorandum of a Conversation, Department of State, Washington, September 24, 1957[1]

SUBJECT

The Problem of West New Guinea

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[1]Source: Department of State, Central Files, 756C.022/9–2457. Secret. Drafted by Torbert.

PARTICIPANTS

The Secretary
Foreign Minister Luns, The Netherlands Foreign Minister
Ambassador van Roijen, The Netherlands Ambassador
Mr. C. Burke Elbrick, Assistant Secretary, EUR
Mr. H.G. Torbert, Jr., WE

After a tour d'horizon Prime Minister Luns said that he regretted very much having to raise one unpleasant subject. He had a cable from his Prime Minister instructing him to register a protest with the Secretary about one paragraph in his article in the October issue of *Foreign Affairs* magazine.[2] This paragraph mentioned article 14 of the United Nations Charter concerning situations which are likely to impair the general welfare of friendly relations among nations and characterizing the "West Irian" situation as one which might disrupt world peace and comity. He said there were three reasons why the Dutch Government was very unhappy about this reference. In the first place, they dislike the name "West Irian" which is not the proper geographic designation of this area but only a name developed by the Indonesians for propaganda purposes. It is from the Malayan tongue rather than that of the native Papuan. Secondly, the Netherlands Government had understood that the United States was restudying its position on the West New Guinea question in the United Nations and, thirdly, it very much regretted to see Indonesia getting support for its thesis that it had a valid justification for raising this question in the United Nations.

The Secretary said that he frankly had not realized the complications of the name in this context. This section in the article had originated, he believed, with someone else in the first instance. He had thought that the name Irian was somewhat like using the name Taiwan rather than the Western form Formosa which we were used to, and he recalled various political connotations that we had encountered in the spelling of the name of the city Peking. The Secretary requested that we check with our authorities on the name designation. As to the question as a whole, he said that we certainly had no intention of taking sides and that the implication of the wording in his article might be that the threat to the peace came from Indonesia. He could see, however, that the phrasing was possibly subject to misconception; he did not know exactly what could be done about the matter at the moment but he would undertake to clarify his position should this article be used against us in the debate in the UN.[3]

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[2]The text of the article, entitled "Challenge and Response in United States Foreign Policy," is also printed in *AFP: Current Documents, 1957*, pp. 35–52.

[3]Dulles explained his position in a letter of October 3 to Lodge, noting that if any aspect of such issues came before the General Assembly, the U.S. position would be

Continued

Prime Minister Luns said that he and Ambassador van Roijen had both been sure that this reference was unintentional and there was nothing personal in this protest but it was necessary to point out that the use of this phrase could become a source of some slight friction between the United States and the Netherlands. The Netherlands feel the United States should support them in the United Nations and help to call off the agitation generated by the Indonesians. They would also hope that we would see fit to tell the Indonesian Government that its behavior on the Dutch debts was exceedingly bad and while new countries had certain privileges it was also incumbent upon them to keep their side of the bargains made.

The Secretary said that we had started to restudy the question of our position in the UN on West New Guinea; we have not yet made a final decision but he thought only fair to give Foreign Minister Luns notice that the weight of our opinion was so far against changing our formal position on the matter. This was because we felt that a change this year might jeopardize our influence with certain elements in Indonesia which we thought should be maintained. Foreign Minister Luns said that he was very sorry indeed to hear this; that he felt unfortunately we might be influenced by certain Indonesian statesmen, some of whom were very good men, who he had found frequently talked out of both sides of their mouths. When they talked to the United States they blamed all the troubles in Indonesia on Dutch obduracy in giving up West New Guinea. They then turned around and talked to the Dutch disclaiming any personal interest in West New Guinea whatever but saying it was only Sukarno who insisted on it. Our assessment of Sukarno's position as rather equivocal was entirely correct but supporting him would not help to bring him around to our way of thinking. The Secretary said that this was very interesting and he felt that Mr. Luns should talk to Mr. Walter Robertson, who felt very strongly that any change of position in favor of the Dutch would alienate us with the Moslems. Mr. Luns and the Ambassador indicated that they had an appointment to talk with Mr. Robertson.[4] Mr. Luns explained at length the attitude of a number of Far Eastern statesmen who all realized the Dutch position was morally right, but politically they could not support it.

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made known through the U.S. Delegation. A copy of the letter was given to the Netherlands Minister on October 14 and is attached to a memorandum of conversation of that date by Lancaster. (Department of State, Central Files, 756C.00/10–1457)

[4]See footnote 10, Document 271.

270. Editorial Note

A letter of September 25 from Ambassador Allison to Assistant Secretary Robertson is described by Allison in his memoir, *Ambassador From the Prairie:*

"There was but little evidence that Washington had paid much attention to my comments on the Ad Hoc Committee report and this, coming on top of other Washington actions, or lack of actions, during the past month or two, was so discouraging that on September 25 I wrote a long letter to Walter Robertson detailing the causes of my discontent and stating that if the Department no longer had confidence in my judgment, I was prepared to resign as Ambassador and request retirement from the Foreign Service. One of my chief complaints was the tendency in Washington to accept CIA reports in preference to those from the Embassy."

He received a reply over 2 months later, Allison states, assuring him of the value of the Embassy's reports. For Allison's further comments and quotations from the two letters, see *Ambassador From the Prairie,* pages 314–315. Neither Allison's letter nor Robertson's reply has been found in Department of State files. Telegram 1178 to Djakarta, November 29, noted that "problems raised your letter September 25, received here October 14, covered in letter mailed you November 25." (Department of State, Central Files, 123–Allison, John Moore)

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271. Memorandum From the Deputy Under Secretary of State for Political Affairs (Murphy) to the Secretary of State[1]

Washington, October 2, 1957.

SUBJECT

West New Guinea

Discussion:

Pursuant to your directive (Tab A)[2] the Department has re-examined the problem of West New Guinea, raised with you in August by the Netherlands and Australian Ambassadors. IO, EUR and L have examined possible alternatives to our present "hands-off" policy and have agreed upon a set of recommendations for your consideration (Tab B). FE does not concur in these recommendations, be-

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[1]Source: Department of State, Central Files, 656.56D13/10–257. Secret.
[2]Document 251.

lieving very strongly that there should be no change from our past position, which has meant that we have abstained on all votes in the United Nations General Assembly, including the vote on inscription, and have been completely silent during the General Assembly discussions of the question. FE's analysis in support of its position is attached as Tab C. An agreed statement of certain facts bearing on the problem is also attached (Tab D).[3] There is some urgency attaching to the question due to the ANZUS meeting next Friday.[4]

Recommendation:

It is recommended that you meet with the representatives of the interested bureaus to decide whether a new policy on the question of West New Guinea is in the national interest. It is my own thought, after consideration of the several suggestions which have been advanced, that United States interests for the time being at least would be served best by continuance of our policy of neutrality.

[Tab B]

Memorandum Prepared in the Bureau of International Organization Affairs[5]

Washington, October 2, 1957.

RECOMMENDATIONS AND SUPPORTING ANALYSIS BY IO CONCURRED IN BY EUR AND L[6]

Recommendations

1. That you authorize the initiation of early consultations with Australia and the Netherlands in which the United States would propose that they give serious consideration to developing appropriate trusteeship proposals for the area, and inform them of our intention to speak at the GA in favor of trusteeship and our willingness to support a quasi-procedural resolution of the type described in Paragraph 3(b) below; and that you also authorize so informing Indonesia.

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[3]Entitled "The Problem of West New Guinea", not printed.

[4]A meeting of the ANZUS Council was to be held in Washington on October 4.

[5]Secret.

[6]The L concurrence is directed solely to the two following legal points:

1. L does not agree with the Indonesian contention that Indonesia obtain [*obtained*] sovereignty over West Irian under the terms of the settlement with the Dutch

2. L believes that it would be legally proper to establish a trusteeship, provided that this is done with the consent of the Dutch. [Footnote in the source text.]

2. That, subject to possible modification in the light of the discussions envisaged in Recommendation 1 above, the US Delegation to the 12th GA be authorized to state the US position on West New Guinea in terms contemplating some form of trusteeship.

3. That the US Delegation to the 12th GA be authorized to:

(a) vote for any resolution acceptable to the Netherlands, Indonesia, and Australia;

(b) vote for any quasi-procedural resolution limited to an expression of the hope of the General Assembly that an amicable solution to all outstanding issues will be found;

(c) vote for any resolution offering good offices machinery through the UN acceptable to the parties, but vote against a good offices resolution unacceptable to one or more of the parties;

(d) vote for a resolution expressing satisfaction that the Netherlands is reporting on the territory under Chapter [*Article*] 11 of the Charter looking toward the eventual development of self-government in West New Guinea; or endorsing the idea of trusteeship as set forth in paragraph 3 above [*below*];

(e) oppose actively any resolution which is ambiguous, which prejudges the issues, or which, in our view, would tend to deprive the Papuans of the opportunity ultimately to determine their own political future.

Discussion

1. On the basis of agreement that US interests would not be served by transfer of West New Guinea to Indonesia, we sought to find a US position on the West New Guinea problem that meets the need to advance the welfare and interests of the Papuans, maintains peace and security in the area, and is defensible as fair and just. Such a position would permit the US to abandon its hands-off policy in circumstances that would be politically defensible and that would be least prejudicial to continued good relations with the Dutch, Indonesians and Australians. It was agreed that it was important to arrive at such a position because of the distinct possibility that a shift in the 12th General Assembly of several votes and the support of the two new members (Ghana and Malaya) might lead to adoption of a good offices resolution. (See Tab 1 for analysis of prospective voting lineup.[7]) In these circumstances it is apparent that a hands-off policy may permit the situation to move in Indonesia's direction.

2. It is believed that US willingness to support suitable trusteeship arrangements, and, in the 12th GA, a quasi-procedural resolution expressing the hope that a just solution will be reached in accordance with Charter principles will permit the United States to take a positive stance on this problem.

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[7]Entitled "Analysis of Voting Probability on Indonesian-type Resolution", not printed.

3. A trusteeship arrangement would provide a positive solution that would both serve US interests in the area and constitute a means of settlement based on agreed international principles. A joint Dutch-Australian trusteeship for all New Guinea (the present Australian trust territory, Papua, West New Guinea, or at least New Guinea less Papua) would be preferable. However, if this should not prove feasible, a Dutch trusteeship for West New Guinea alone would be satisfactory. An Indonesian trusteeship or a trusteeship under direct UN administration should be avoided.

4. Prior consultations would be essential to successful implementation of such a trusteeship proposal. Subsequent action would depend initially upon the Australian and Dutch reactions, but Indonesia should also be consulted at an appropriate stage. We would seek to persuade these three that trusteeship provides a reasonable and just solution giving due recognition to their legitimate interest. For example, the present Dutch and Australian concerns to keep Indonesia out of the territory, each for its own reasons, should be met; Indonesia, through the privileges of its UN membership, would have a role in connection with the territory (this would include the right to submit petitions to the Trusteeship Council; participation in the discussions of the Fourth Committee of the Assembly on trusteeship matters involving the territory; and participation, if elected, as a member of the TC and of UN Visiting Missions to West New Guinea); the Papuans would eventually exercise their right of self-determination; the island could be developed as a unit; trusteeship can be broadly presented as a rational, constructive step designed to accomplish and complete the tutelage of a presently non-self-governing territory in conformity with the Charter. The ideal result of such consultations would be a Dutch announcement in the 12th GA of intention to place the territory under trusteeship.

5. A US statement supporting trusteeship and expressing willingness to support a resolution expressing hope for an equitable solution could logically preface a positive stand on any other proposals that might be submitted. It would permit an affirmative pronouncement of US policy focusing primarily on the unassailable objective of the welfare of the Papuans, while at the same time recognizing without any prejudgment that a dispute does in fact exist between the Dutch and Indonesians. By inference such a policy would exclude the possibility of extension of Indonesian control to the territory and place continued Dutch administration in the Charter context of trusteeship, thereby eliminating any plausible basis for charges the United States is defending "colonialism". Such a US statement could constructively influence the course of GA discussion.

6. It is recognized that the suggested US position—endorsement of trusteeship and willingness to support a resolution of the type de-

scribed above—is unlikely to meet with favor from any of the interested parties. We anticipate that Indonesia will oppose trusteeship, and the initial Dutch and Australian reactions will probably be unfavorable. The Dutch will not like a quasi-procedural resolution, and Indonesia will feel it does not go far enough. Nevertheless we believe the whole represents a defensible and affirmative US position.

7. The United States may be faced with substantive proposals going beyond the "quasi-procedural" type or not limited to endorsement of trusteeship, which would be designed to enlist support, to greater or less degree, for the Indonesian viewpoint. For example, adoption of a good offices type resolution would be undesirable because (a) it would be rejected by the Dutch and thus would have no practical result except to intensify Indonesian demands for further GA action; (b) it implies a legitimate Indonesian claim; (c) it would lead to a further deterioration in the situation and might even furnish a pretext for direct or covert Indonesian military activities against New Guinea; (d) it would ignore the primary interests of the Papuans; (e) its failure to produce constructive results would tend to undermine the prestige of the UN. Consequently, if necessary to forestall adoption of undesirable proposals, the United States must be prepared to lobby and vote negatively.

[Tab C]

Memorandum Prepared in the Bureau of Far Eastern Affairs[8]

Washington, October 2, 1957.

RECOMMENDATION AND SUPPORTING ANALYSIS BY FE

Recommendation:

That we maintain our policy of neutrality with respect to the West Irian issue and that we abstain on all aspects of UNGA consideration of the issue.

Discussion:

The West Irian issue before the GA does not involve any decision on conflicting claims to sovereignty or on the transfer of sovereignty or administration from the Dutch to the Indonesians. The issue involved is a request for a resolution looking toward the re-

[8]Secret.

sumption of negotiations under UN auspices between the disputants. Foreign Minister Subandrio has told our Embassy in Djakarta that this is the most he hopes to obtain and that "these negotiations can go on for one or two years or more and we will be able to keep the situation under control here" in Indonesia.[9] A similar resolution was introduced by Indonesia at the last GA.

Heretofore the US has maintained a policy of neutrality on the West Irian issue and abstained on all votes in the GA. Embassy Djakarta has now urged that we support the Indonesian position while Embassy The Hague has urged that we support the Dutch position. A major factor in the decision must be the probable impact of a departure at this time from neutrality on our relations with Indonesia, the Netherlands and Australia, and on the whole framework of our policy objectives in the Far East.

Indonesia at this time is undergoing a severe internal political and economic crisis. In the recent elections on Java the Communist party showed a substantial increase in strength, as compared to its position in 1955; some of the outer island regions have not been working with the Central Government; the Army is divided. In an effort to resolve some of these problems, representatives of the Government and of the regions recently held a National Conference in Djakarta. Although the results of the Conference are not fully known, it did succeed in bringing Sukarno and Hatta together and in adopting unanimously a resolution establishing criteria to be followed by the government in meeting some of the problems facing the country. The resolution also stated inter alia that normal relations between the regions and the Central Government have been reestablished. The Conference was described in public statements by leading participants on both sides as "successful". It is too early to appraise the results of the Conference. Until its full implications are known, the US should take no action which might jeopardize the chances of its success in meeting the problems facing Indonesia today.

All elements in Indonesia, whatever their political, ethnic, or religious differences, are agreed on Indonesia's "right" to West Irian. It is a national claim and an irredentist issue of universal emotional appeal. The recent National Conference adopted unanimously a resolution supporting the Indonesian Delegation to the UN in its efforts to obtain a UN resolution. There are differences on the strategy for pursuing the claim but not on its basic validity.

US abandonment of neutrality and support of the Dutch position in the UN would not weaken Sukarno but instead would tend to

[9]Subandrio made this statement in a conversation with Allison on September 5, reported in telegram 621 from Djakarta, September 5. (Department of State, Central Files, 656.56D13/9–557)

mobilize public opinion behind him. It would be considered as a gesture of hostility toward the entire Indonesian people, not as a rebuke to Sukarno. It would in our opinion push him perhaps irretrievably into the Communist-infiltrated anti-West camp. It would hand the Communists a propaganda windfall by confirming their charges that the US is pro-colonialist. It would also wipe out in a stroke a store of goodwill, trust and confidence developed in Indonesia with painstaking effort over the past seven years.

Passage of a resolution similar to those introduced in previous years would not be considered in Indonesia as a triumph for Sukarno. Sukarno has never actively favored reference of the problem to the UNGA. It would be rather a victory for moderate elements advocating resort to peaceful channels for settling international disputes and opposed to direct action.

Outside of Indonesia, support of the Dutch position would have adverse effects of varying intensity in the entire Asian-African bloc. It would tend to give the bloc greater cohesion and confirm the charge that US sympathies on colonial questions lie with the colonial powers.

"Free political institutions" and "self-determination" are so far in the future for the stone age Papuans as to be meaningless terms. After 129 years of formal Dutch control, over 40% of the estimated total native population have still not been brought under the Dutch administration. Except in Hollandia and a half dozen other small coastal settlements, the Papuans presently live without benefit of external governmental influence and will continue to do so under Dutch or Indonesian sovereignty.

IO and EUR propose that at this critical moment in our relations with Indonesia we should abandon our policy of neutrality in favor of a new policy. They propose first that we support a trusteeship for West Irian under Dutch (or Dutch-Australian) administration. This proposal would be as unacceptable to the Indonesians as a proposal for an Indonesian trusteeship over the area would be to the Dutch. The Dutch in 1949 and again in 1950 suggested to us a Dutch-administered trusteeship for the area and we replied that we would be agreeable "assuming it was satisfactory to the parties directly concerned". It was not satisfactory to the Indonesians and the project was dropped. It may be noted moreover that a strategic trusteeship would require SC approval which could not be obtained over a Soviet veto, while there would seem to be no prospect that a non-strategic trusteeship could obtain the needed GA majority unless modified in a manner unacceptable to the Dutch. Ambassador Luns

told Mr. Robertson last week[10] that the Dutch had recently discussed the trusteeship idea with Secretary General Hammarskjold who had advised against it.

Our espousal of a Dutch-administered trusteeship would not be regarded by UN members generally as evidence of our interest in the welfare of the inhabitants. Their primitive state of development making "self-determination" academic is too well-known in Asia. Indonesia's experience under Dutch colonial administration has not commended that control to Asian members, while Dutch administration of New Guinea was recently criticized even by a member of the Dutch legislative mission there. US support for a Dutch trusteeship would be widely interpreted as evidence of a US desire to maintain Western control over Asian peoples or, to Asian minds, of US "colonialism".

The IO/EUR proposal would also involve US support for a "quasi-procedural" ("pious hope") type of resolution and US voting and lobbying against a resolution for the resumption of negotiations under UN auspices. The Dutch have argued that the change of a few votes from last year's total might result in approval of a resolution and that we should take active steps to prevent this result. At the same time the Indonesian Government has warned its people of a possible decline in voting strength for its resolution. Whatever the voting situation, it would seem incongruous for the US, which supports the UN as a forum for the peaceful settlement of disputes, to work to bring about the defeat of a resolution looking toward the resumption of negotiations between disputants. The IO/EUR proposal would not advance the settlement of the dispute or accomplish any other constructive purpose. It would involve forfeiture of our neutral position for what would amount in practical effect to support of the Dutch position.

We have consistently maintained a neutral position on this question and now is not the time to change. In the sum total of our relations with the Netherlands and Australia, the West Irian issue is outpaced by other issues. For Indonesia, however, West Irian has become the major foreign affairs preoccupation. If we were to support the Dutch position, the Netherlands and Australia would undoubtedly be pleased and, we believe, surprised. Their reaction would not, however, bring any advantage to the US commensurate with the loss the US would suffer with respect to Indonesia. There is no single step within reason which we could now take that would be

[10]Reference is to a conversation of September 25 between Luns and Robertson concerning the New Guinea question. According to Mein's memorandum of the conversation, Foreign Minister Luns stated that the Secretary-General had indicated that a trusteeship would only give rise to further Netherlands-Indonesian disputes which would occupy additional time of the United Nations. (*Ibid.*, 656.56D13/9–2557)

better calculated to drive Indonesians closer to the Communists and to undercut our friends in Indonesia, or which would have a stronger adverse effect on the attainment of US and Free World objectives there, with repercussions on US prestige throughout Asia. If we are not to sacrifice all chance of influencing future developments in Indonesia, it is essential for us to continue to maintain a neutral position on the West Irian issue.

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272. Memorandum for the Record, by Robert K. German of the Executive Secretariat[1]

Washington, October 3, 1957—3:15 p.m.

SUBJECT

West New Guinea

PERSONS PRESENT

The Secretary
Mr. Murphy
Mr. Reinhardt
FE—Mr. Robertson, Mr. Abbott, Mr. Mein, Miss Bacon
EUR—Messrs. Elbrick, Nunley, and Cameron
IO—Mr. Wilcox, Mr. Gerig, Miss Brown
L—Mr. Becker
S/S–RO—Mr. German

At the conclusion of the briefing for the ANZUS Council Meeting, Mr. Murphy suggested that the Secretary consider the United States position on West New Guinea, as to which the Department had been unable to present agreed recommendations to the Secretary. Representatives of EUR, IO and L then joined the meeting.

Mr. Wilcox outlined the proposal for a trusteeship plan for West New Guinea which might be presented to the General Assembly. Mr. Robertson expressed the view that the introduction of such a plan would liquidate any influence which we may still have with the Indonesians.

The Secretary stated that in requesting a reconsideration of our position on this issue he had not meant that there should necessarily be a change in our position. One reason for requesting a reconsideration had been the recent shift to the left by Sukarno. He expressed the view that it would be a disaster for Indonesia to gain control of

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[1]Source: Department of State, Central Files, 756C.021/10–357. Secret.

West New Guinea, both from the standpoint of the people involved and from the standpoint of our strategic interest.

The Secretary stated that, so far as he was concerned, United States policy strongly and irrevocably opposes Indonesian control over West New Guinea. With that in mind, he expressed the view that we should not toy with a trend which will build up the aspirations and perhaps the legal case of the Indonesians. Should Indonesia win the vote in the United Nations this year, its hopes would thereby be increased. He stated that, while it might be all right to win favor by pretending to be neutral when one really is not, this is a dangerous practice when there are not otherwise enough votes for the side one wants to win. The Secretary pointed out that the United Nations is now loaded in favor of Indonesia and that the proportion will grow in that direction.

The Secretary stated that he realized that Indonesia would not like it if the United States were to vote in favor of the Netherlands, but he expressed the view that we could give better reasons for such a vote this year than we could next year. He added that the Indonesians would be just as unhappy with us if they realized that we were completely opposed to their position.

Mr. Robertson pointed out that Indonesia is not pleased with our present stand and criticizes us for being neutral. He added, however, that the United Nations is not competent to vote West New Guinea to Indonesia and that our position should be to encourage the Dutch and the Indonesians to resume negotiations.

Mr. Wilcox pointed out that the Dutch might not receive the necessary minimum for defeating the item this year. Mr. Elbrick supported this view, stating that in the past we have been neutral as a tactical measure but that this year the Dutch are extremely worried. We do not know what the Dutch would do in the face of a losing vote but it is certain that, if the resolution should pass, it would be much harder for us to try eventually to salvage the Dutch position.

Mr. Becker stated that he was appalled at the idea that the United Nations is competent to take such an action. The Secretary suggested that such action might be proper under article 14 of the Charter, which had been designed to enable the General Assembly to make recommendations for "peaceful changes" in situations such as this.

As to the trusteeship proposal, the Secretary asked whether the Dutch would accept a trusteeship. Mr. Wilcox stated that we do not know whether they would or not, although it would certainly be difficult for them to do so. Mr. Wilcox added that the information contained on page three of the FE memorandum to the Secretary concerning West New Guinea was the first indication he had had that the subject had ever been discussed with the Dutch.

There being no more time to discuss the matter, the Secretary stated that he would be unable to resolve the issue at that time. The meeting was adjourned at 3:45 p.m.

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273. United States Minutes of ANZUS Council Meeting, Washington, October 4, 1957, 10:30 a.m.–12:45 p.m. and 2:15–4:15 p.m.[1]

ACM MC–1

[Here follow a list of participants, minutes of the Secretary's opening remarks, and discussion concerning the Middle East, Japan, China, and Southeast Asia. The list of participants included 26 persons. The three delegations were led by Australian Foreign Minister Casey, New Zealand Foreign Minister T.L. Macdonald, and Secretary Dulles.]

Indonesia. (Top Secret)—The Secretary stated that he would like to discuss Indonesia while Mr. Allen Dulles was present, and with the concurrence of the others, asked that he comment on conditions there.

Mr. Allen Dulles said that we felt that since Sukarno's visit to Peking and Moscow he was coming increasingly under Soviet influence. It is not that he is a communist but that he apparently believes that he can use the communists. Since the elections in 1955 Indonesians have had a troubled political life primarily because no single party has a majority in parliament. That has created difficult governmental situations. Sukarno has felt that he could not make the system work and has devised what he terms "guided democracy", which has played into the hands of the communists. He has established a National Council which has taken some of the powers of the cabinet and of parliament. As a result some Moslem elements, especially in the outer islands, have been dissatisfied. The situation has also developed to a point where some military leaders in Sumatra are not following the direction of the central government. They do come to Djakarta from time to time for discussions, as they recently did to attend the national conference. The national conference in Djakarta had no real results. We were afraid Sukarno might pull a trick and arrest the dissident leaders while they were in Djakarta but he did not. In the meantime the situation has somewhat worsened. The po-

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[1]Source: Department of State, Conference Files: Lot 62 D 181, CF 920. Top Secret; Limit Distribution. Drafted by Mein and distributed with a covering memorandum of October 18 by Robert K. German of the Executive Secretariat.

sition of Hatta also has been weakened by his signing a declaration with Sukarno. . . . Simbolon, Sumual and Hussein cannot tolerate a communist regime and are still in revolt. Sukarno evidently feels that he can let these revolting elements die on the vine. That is the situation as it stands today. The thinking here is that the break-up of Indonesia is not something to be sought but only to be accepted if part of Indonesia goes communist.

In reply to a question by Minister Casey as to whether decentralization should be encouraged, Mr. Allen Dulles said he thought not, but that the dissident leaders should be encouraged to maintain their position. There are still some strong points outside Java, such as Medan, under control of the central government. Also Simbolon and Hussein are finding it difficult to get arms for their forces. In the recent elections on Java, in which Sukarno abandoned the PNI, the strength of the PKI increased substantially. The communists are working closely with Sukarno.

Minister Casey asked whether the overall increase of communists in Java would not indicate that similar increases are possible in the elections in 1959, adding that the figures tend to upset the Australians.

Minister Macdonald asked whether it would be correct to say that the present situation in the outer islands has developed to some extent because of the smuggling undertaken in many cases by some of the army people, and whether Indonesia would not eventually have to come to some form of federation.

Mr. Allen Dulles replied in the affirmative, pointing out that it should be kept in mind, however, that Java is not economically viable.

Ambassador Spender asked whether Sukarno is still a key figure with the masses, and Mr. Allen Dulles replied that he has the greatest appeal to the population as a whole, although there are some indications that he is losing some of that appeal, especially among the Moslem elements. Ambassador Spender commented that the election figures suggest increasing political efficiency in the communist organization, with the chance that they will increase their position on Java. He asked if there were any internal forces which might tend to arrest this trend, and if so a) is there anything that the western world, especially the United States can do to help arrest it, and b) if not, had any thought been given to any action which might be taken, such as assisting the political organizations of the other parties. The greatest danger, he thought, was the weakness of the other parties.

Mr. Allen Dulles commented that if we consider Indonesia as a whole there is a chance to arrest the situation. If Java is considered

alone, however, there seems to be nothing to stop Sukarno and the PKI from taking over.

. . . . . .

Minister Casey asked whether there is any fear that Indonesia will go communist by constitutional means. Mr. Allen Dulles commented that such is not the situation today. He said that some consideration has been given to extending some support to the outer island elements and unless something can be done for these elements they might wither on the vine as Sukarno wants them to.

Minister Casey stated that Subandrio had told an Australian officer at Kuala Lumpur that Indonesians don't fear communism as we do and that they regard the continued existence of the Communist Party as a safeguard against Indonesia becoming smothered like Thailand. The Minister said his Government is very much disturbed as to what can be done about the situation in Indonesia apart from what can be done by the United States.

Mr. Robertson said that one factor not to be overlooked is that the animosity of the army officers toward Sukarno is not personal but political, it is in opposition to his taking communists into the government. The national conference attended by some of the dissident elements was in itself indicative that these elements want to keep the country together. Mr. Allen Dulles added that the overall army picture is not encouraging. Nasution has been playing along with Sukarno, and there is a great deal of dissatisfaction on the part of the elements in the outer islands over his performance, so that his removal might come about if there is enough pressure brought to bear. The army, especially on Java, has been infiltrated by communists, a situation which might also be changed if Nasution is removed.

Ambassador Spender asked if there is any machinery presently in existence, or which might be set up, to consider what can be done to arrest this situation. Mr. Allen Dulles stated that the matter has been under recent consideration by the highest levels of the United States Government.

Minister Macdonald asked the bearing on the situation of the technical assistance programs being extended bilaterally or under the Colombo Plan. Mr. Allen Dulles commented that these programs are very helpful, but their influence is very slow in being felt.

Minister Casey stated that the net effect of all this is very disturbing. The Australian Ambassador in Djakarta recently told him that if Sukarno would come out against communism it would wither away. He asked if there is any direction in which Australia can work to improve the situation.

The Secretary said that no conclusion had as yet been reached on whether the growth of communist influence on Java is so great that hope should be banked on the revolutionary elements. The time is fast approaching, however, when this decision will have to be made. The people in the U.S. Embassy in Djakarta feel that the situation has not reached the point where Sukarno would be unable to reverse his position. They are reluctant to see the U.S. take any step which might tend to force Sukarno over. . . .

. . . . . .

Minister Casey asked if Australia should concentrate its aid to Indonesia in the outer islands. Mr. Allen Dulles commented that the U.S. is considering such a course of action since while using the assistance on Java in an effort to turn Sukarno it is also important to keep the dissident elements alive and operating.

Mr. Robertson stated that Indonesians had often expressed to him their high appreciation for all the efforts of the Australian Government in Indonesia, which in many ways they appreciate more than the efforts of the United States. Minister Macdonald suggested that a word be added concerning the work being done in Indonesia by the Australian Christian Student Movement, in which New Zealand was planning to join. Minister Casey said that this is a small movement in which the students volunteer to go to Indonesia and live under Indonesian conditions, in Indonesian homes, and receive Indonesian salaries while teaching English and doing other work. All the Australian Government gives them is the fare and a bicycle. There are not many students but they have been well received.

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[Here follows discussion concerning Malaya.]

West New Guinea. (Secret)—Minister Casey stated that this is the fourth time this subject has come before the United Nations and each time there is an increase in the membership of the Afro-Asian group. There is some talk in New York of Indonesia trying to get this subject considered as a matter of "no great importance" thereby requiring only a majority vote to pass a resolution. He did not know what type of resolution Indonesia will introduce but thought it would probably be one requesting the good offices of the United Nations. The Dutch and Australian Governments are trying to get everybody lined up but are not sure they can prevent a two-thirds vote, but they have hopes. Minister Casey was of the opinion that the Dutch are not bluffing and that if the UN adopts a resolution they will defy it, perhaps along the line the South Africans have fol-

lowed. It should be taken into account that if Indonesia wins and a resolution is adopted there will be consequences. He fears this might consolidate Sukarno's position. He said he understood the reasons motivating the United States position but wondered whether the U.S. might not be willing to take the risk involved in using its influence behind the scenes to influence the vote of some countries. He said that if anything is done it must be done within the next three weeks since most countries will probably be consolidating their position within that period.

Ambassador Spender said that some of the Asians who still support the Indonesian position have told him personally that they are sick of the Indonesians themselves, but that in view of the Bandung resolution they must vote with them. If a resolution is passed, he said, 1) the Dutch will refuse to accept any resolution which creates an international issue of greater significance and 2) by attrition the area will eventually be turned over by the Dutch to the Indonesians. He thought that if the Indonesians gain a vote in this session they will keep it up until as a result of attrition the area falls into their hands. Ambassador Spender felt very definitely the United States did not want New Guinea to go to the Indonesians for both legal and security reasons. He hoped there were ways by which the United States could make known that, although abstaining, it would not be unhappy to see others oppose any resolution. He asked if it might not be possible to point out to selected countries the gravity of the Indonesian situation and by inference let it be known that an increase in the area of Indonesia might be more grievous. Minister Casey reiterated the foregoing points.

Minister Macdonald said he had learned from some Indonesian cabinet ministers when he was in Indonesia some time ago that Sukarno uses the subject to stir up popular opinion.

The Secretary said that the United States feels very definitely that for the present and as far as we can see in the future it would be contrary to the security interests of the United States for West New Guinea to come under Indonesian rule, especially if the threat of communist Indonesian control was present. It would bring Indonesia closer to Australia and be a breach in the offshore island chain. Also there could be some advantage if it were realized in some quarters in Indonesia that as they move to the left any gain in support from the United States would be in doubt. The matter has been studied again very carefully this year, including the fact that if they gain a two-thirds vote it will make the problem more difficult. The Secretary said that it was not felt so far that it would be advisable to change our position. Those who are trying to keep Indonesia from going communist or to present some alternatives would lose such alternatives if we were to change our position. If it were only a matter

of the Sukarno government it might be salutary to show them that flirting with communists involves paying a price. Our people are concerned with the reaction in the outer islands, upon which we might wish to fall back in case of communist take-over in Java. They feel if we change our position it might militate against our ability to work with those elements in the outer islands. The Secretary asked Mr. Allen Dulles to comment on this.

Mr. Allen Dulles said that although the decision is a political decision, he agrees that a change in our position would weaken our chances of working with the anti-communist elements. The elements in the outer islands feel as strongly about the matter as Sukarno and any change would impair our chances of working with the anti-communist elements on those islands.

The Secretary commented that the form of the resolution was not known. Ambassador Spender said he thought it would be very much as that presented last year. Minister Casey said it might be easier to beat a strong resolution than a mild one.

The Secretary said there was probably nothing else which we could usefully say about this at this time.

[Here follow discussion of military planning, remarks by Foreign Minister Casey, and discussion concerning Antarctica.]

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274. Memorandum of a Conversation, Department of State, Washington, October 4, 1957[1]

SUBJECT

Call of the Indonesian Minister of Foreign Affairs

PARTICIPANTS

Dr. Subandrio, Indonesian Foreign Minister
Mr. Mukarto Notowidigdo, Ambassador, Indonesian Embassy
The Secretary
Mr. Walter S. Robertson, Assistant Secretary for FE
Mr. John Gordon Mein, Director, Southwest Pacific Affairs

Dr. Subandrio asked the Secretary to excuse him for his insistence on seeing him but he thought it was desirable that he give the Secretary some first-hand information on the situation in Indonesia to avoid any possible misunderstanding concerning what is going on there.

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[1]Source: Department of State, Central Files, 611.56D/10–457. Confidential. Drafted by Mein.

Dr. Subandrio stated that in his opinion the developments in Indonesia are toward democracy and that this fact is not understood. He said that the people want to establish a democratic system, and that they are moving in that direction, but that such a system cannot be established on the basis of only one election. The people want to preserve the democratic system, he said, but are aware that if Indonesia continues as it has during the past year there will be chaos and anarchy. The Indonesians are beginning to realize that Djakarta is not all of Indonesia and that the other regions are also part of the country.

Dr. Subandrio said that Indonesia has cordial relations with the United States and that it wishes to maintain them, but it does not want to develop democratic government based on dependence on the United States. It is a fact that Sukarno in some of his statements casts doubt on the motives of the United States, but it is not possible to identify him with communism. He said that Sukarno was impressed with what he saw in China, not with communism but with the will to work which he noticed among the people. The tension in Indonesia at the present time, in Dr. Subandrio's opinion, is a result of independence and is a sign of progress. He cited as an illustration of the progress that has been made since independence the increase in the number of school children which now totals about nine million.

According to Dr. Subandrio the Indonesians feel themselves somewhat isolated. Their relations with the Dutch and the British are correct, but not close. Of all the western countries the United States is the only one with which they feel they have cordial relations. He is afraid that if there is a cooling-off of relations with the United States, the people will drift to the communist bloc. There is a great need, therefore, at this time for assistance from the United States and understanding on the part of the United States of the problems facing Indonesia. Nobody in Indonesia, however, wishes to deviate from the path of democracy.

Commenting on Dr. Sukarno's proposal for "guided democracy" Dr. Subandrio said that this has not to do with democracy as such, but means only that since parliament and the political parties have not been meeting the needs of the people somebody must guide them.

Dr. Subandrio stated that it is the desire of his government to normalize relations with the Netherlands and that until they are normalized the government is inhibited from doing anything to improve the popular attitude toward the Dutch Government. As to West Irian, which he said the Indonesian Government realizes must be seen by the United States in the light of its global responsibilities, the Indonesian Government understands our position. It would help,

however, if the U.S. could find some way of supporting Indonesia's desire for discussions with the Dutch, which could last over a period of years. Such discussions would help overcome the psychological barriers now present. He is afraid that local explosive tensions might degenerate and get out of control, especially by the Communists although the government itself will not use force as a means of settling the issue. He fears also that the Soviet Union may take advantage of the situation and in retaliation for the U.S. making arms available to some countries ship military equipment into the area. He said that up to now the Indonesian Government has not accepted any Soviet offer of arms.

The Secretary stated that we have felt some concern over developments in Indonesia. He referred to his visit to Indonesia in March 1956, stating that he thought that at that time a start had been made for better relations, pointing out that at that time we had just entered into an agreement with the Indonesian Government for sale of surplus commodities, that an invitation was issued to President Sukarno who visited the United States, and that all these steps had greatly strained our relations with the Dutch. Nevertheless, we did what we thought were the right things to do. We are not bound to our allies in Europe in any respect except through NATO, which does not in any way relate to Indonesia. The Secretary stated that he had hoped that as a result our relations would become closer.

The contrary, however, has happened and they have drifted. The reasons for this are the increase in Communist strength, the tendency to accept some measure of Communist influence in the Government, and the inability of the Government to meet the problems of Indonesia as evidenced by the action of some people in the outer islands. All these things have caused regret and concern as to the course being taken by the Indonesian Government. The Secretary said that he was glad to get the reassurances given by Dr. Subandrio and he hoped that they would be maintained.

The Secretary said that when constitutional procedures are avoided it raises questions. We realize that there is no particular pattern for democracy, that there are many ways of practicing democracy, and that we are not narrow-minded in that respect, but we do see a pattern of Soviet encroachment. There are a number of countries that feel they can be quiescent and nothing will happen. We have seen that when the Communists get a grip on a country they never give up. Several countries which were independent before the war have become Soviet satellites and not one of them has been able to regain its independence. Some 12 countries formerly independent are no longer so. Referring specifically to the Baltic States the Secretary said that although the Soviet Government in 1939 put out a statement that the Sovietization of the Baltic States was not sought those

States were nevertheless taken over. Today some nations in the United Nations state in public that they are not afraid, although that is not what they tell us in private. When a nation tells us that it is not afraid, that, in the Secretary's opinion, is the beginning of the end. Even the United States is afraid. We are fearful of the power of the Soviet Union. This, however, does not mean we will shrink from it.

The Secretary said that somewhere in the Bible it says that "fear is the beginning of wisdom", which is a sound statement calling attention to the danger and warning that something must be done about it. Young countries, especially, when they cannot stand morally alone take the stand that they are not afraid and that they can handle the problem. They are not being wise and there is danger. The Secretary stated that he realized that western colonialism had many things to condemn it and the United States has always been against it. Since the war many nations have been given their independence by the western countries, while at the same time others have lost their independence. There is a difference between those which have let go of some 20 nations and those who over the same period have taken over some 12 nations. It cannot be said that these two things—the kind of society that freely allows people to go and exercise their independence and that which shackles others—are equal. To equate these is not very wise.

The United States is going to survive, the Secretary said. We would rather survive in a world of free nations but we can survive even if we have to withdraw to our own shores. It would be much better, however, if we were to survive in a free world. The Indonesians go to China and are impressed with the developments they see. They do not stop, however, to consider how these developments have been possible, that is at the sacrifice of human liberty. If that kind of despotism ruled in Indonesia the people there would probably be able to produce more than in a free society. Human beings, however, have never been prepared to exchange human liberties for economic development. The hope of the United States is that the people of Indonesia will not be satisfied with such a development.

When we see elements in Indonesia wanting that kind of development it causes us great concern. We want nothing out of Indonesia. This nation is dedicated to freedom, to helping others get their independence, so that when we see things going in the direction of despotism and the loss of human liberties, we grieve, not because we want anything from those people but because it is an indication that we are not fulfilling our purpose. The only thing in which we are interested is the freedom of Indonesia. We are worried when we see the trend in Indonesia which is contrary to that which we had hoped for when we helped Indonesia obtain her independence.

Dr. Subandrio stated that he fully understood and shared our concern. He said that this reflects the thinking of most people in Indonesia. The local elections have been an eye-opener for all. In the National Conference the mood was one of, if not anti-communism, certainly non-communism. The Communists have gained in Java as a result of the complacency of the other parties. Even the PNI, which previously cooperated with the Communists, are now anti-PKI. The important point, Dr. Subandrio said, is how the United States can support Indonesia at this time. In his opinion one of the best ways would be not to attack Sukarno personally and thereby risk driving him further the other way.

Dr. Subandrio again expressed his deep appreciation for having been received by the Secretary.

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275. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 11, 1957—3 p.m.

942. Deptel 681.[2] While as I have previously indicated I recognize reasons for reluctance in Washington to accede to Indonesian request for military equipment, I believe time has come for urgent and thorough reassessment of question. Since drafting of NIE 65–57[3] last August (Deptel 530[4]) situation here has continued changes in process at that time and has developed along lines not then possible to foresee in Washington to point where I believe we are justified in considering whether we are not now offered new opportunity to take positive action toward achieving some of our objectives if we move in time. Indonesian officials have been discussing this problem with us for over a year and in spite of what must appear to them indifference on our part they still hope for action.

Following message has been discussed thoroughly with and approved by all service attachés at this post and they have participated in its drafting.

Strength of Indonesian desires obtain military supplies from U.S. evidenced by tenacity during long period of over one year as well as

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[1]Source: Department of State, Central Files, 756D.56/10–1157. Secret.

[2]Telegram 681 to Djakarta, September 25, instructed the Embassy not to make a commitment to Nasution when he inquired regarding the status of the Indonesian request for military aid. (*Ibid.*, 756D.5–MSP/9–2557)

[3]Document 257.

[4]Telegram 530 summarized the conclusion of NIE 65–57, *ibid.* (Department of State, Central Files, 101.21–NIS/9–757)

approaches we continue receive from responsible leaders, including President Sukarno himself last week (Embtel 877[5]). For reasons given below I strongly recommend early carrying out third step of procedure as recommended in Deptel 585 October 12 a year ago[6]—government to government discussion on availability, payment, credit terms and other matters relating to supplies and services. I think our immediate goal should be token shipment of military equipment to Indonesia this calendar year.

1. Basic fact of importance to Indonesians and one we should keep in mind is that Indonesian Government has established eligibility to purchase military equipment from U.S. in spite of possible political opposition. Lists of equipment desired have been submitted and senior officers, most recently Army Chief of Staff Nasution on October 9, continue to tell us they prefer U.S. material. This preference based on several factors including military training in U.S. of number of officers, familiarity with U.S. military procedures, standardization of supplies, belief in superiority of U.S. equipment and political judgment that U.S. motives not inimical to Indonesia. Of importance in considering future alignment Indonesian Army officers is plan to use U.S. Army and West Point text books in new national military academy; this week 920 U.S. Army field manuals presented to academy who requested them for use as basic texts in 6 different subjects. Orientation toward U.S. by new classes Indonesian Army officers would obviously have greater depth if U.S. military equipment available for future practical application of classroom training.

2. Second basic fact is Indonesian armed services are determined to obtain modern equipment. There is no question of their preference for American supplies. They have been waiting for a long time, however, and are becoming understandably impatient. As senior Naval officer commented recently, Indonesians are finding it hard to hold out for U.S. equipment when less expensive or free military supplies are available from other countries. We have begun hear of disillusionment over possibility receiving U.S. aid and reluctant decisions to start negotiations with other countries for certain types of equipment. Navy, for instance, reportedly prepared to sign contract with Yugoslavia for purchase 6 sub chasers and 1 LCM. During past year Indonesia has received offers of military aid from various sources and has actually received jeeps from USSR. Most recent official reports mention offers from Poland, Czechoslovakia, Yugoslavia, France and West Germany. Offers of arms, including jet fighter aircraft, rumored

[5]Telegram 877 from Djakarta, October 4, reported that in a brief conversation with Allison the previous day, Sukarno had "expressed his deep personal interest" in obtaining U.S. military equipment. (*Ibid.*, 756D.5–MSP/10–457)

[6]Document 182.

to have come also from Communist China, and we have just learned ChiCom military mission now scheduled visit Indonesia November and December.

(In this connection even if U.S. supplies Indonesia with major portion of her requirements, we should anticipate and be prepared for Indonesian acceptance of some military aid from other countries including bloc countries.)

3. General Nasution assured Army Attaché October 9 there was not one battalion commander in Indonesian Army who was Communist or Communist sympathizer; Lt. Colonel Macmour, recently relieved of duty North Sumatra (Embtel 833[7]), was last top troop commander with PKI sympathies. Nasution also claimed military-youth cooperation groups will be used by Army to counter PKI inroads amongst Army and young people throughout country, particularly Java. He said he also had other plans for removing opportunities for Communist infiltration and control in veterans, labor and farmer circles. While Nasution's own position continues to be subject of speculation and some possibility exists he may be removed before long, though Djuanda stated in late September there was no present intention make change (Embtel 806[8]), our assessment is that as long as he is Chief of Staff he will try carry out above program and even if he is replaced all conceivable candidates for next Chief of Staff would continue in some degree Army's anti-Communist campaign. Stability and cohesion of Army appears to have improved recently. Also possibility of central government's using force to attempt eliminate regional disaffection appears to have diminished as result outcome of national conference and agreement of military leaders to abide by decision of seven-man commission set up to solve Army problems. In our opinion following assessment in paragraph 38 of NIE 65–67 has more validity now than at time of publication in August: "The army, despite its factionalism and internal conflicts, will probably continue to be a better potential force for providing national unification and a stable non-Communist government (than non-Communist political parties)." If U.S. approval of sale of military equipment followed on heels of seven-man commission recommendations for solving Army problems (which may come any time after Hatta's return end of October) political effect and improvement in armed forces and civilian morale might prove decisive in continuing Army orientation toward West and particularly U.S. Psychological impact of arrival of U.S. equipment or even announcement of planned delivery during ChiCom military mission visit here would also be important.

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[7]Dated September 30, not printed. (Department of State, Central Files, 756F.00/9–3057)

[8]Dated September 26, not printed. (*Ibid.*, 756D.00/9–2657)

4. Senior officers have told Naval Attaché there are no Communist officers in Indo Navy. They also say Navy would approve signing of necessary agreement with U.S. to obtain grant U.S. military aid but must abide by government decision against this. Despite pro-U.S. bias, however, Navy looking elsewhere for equipment in view desperate needs and conclusion by some Naval officers that nothing will come of requests for U.S. help. Navy now in process completing 5-year modernization plan for presentation to Parliament near future with request for funds. Items listed with price and proposed country of purchase. At present time draft plan provides no procurement from U.S. Responsible officer has told us, however, he was prepared hold up presentation of plan if we could give him even slight indication Naval material would become available from U.S. He also said short term loan of 2 or 3 years would be impossible, but loan or credit terms of 7 or 8 years would be realistic. Air Force chief has also indicated need for deferred long term loan.

5. Ministry of Defense officials, including Secretary General, recently confirmed to Naval Attaché top command's determination prevent further Communist encroachments in armed services and suggested new military equipment from U.S. would be major factor in supporting nationalist and anti-Communist policies of present military leaders.

6. All Indo officials with whom military equipment program has been discussed have urged early delivery of at least token equipment. Secretary General of Defense Ministry said, "If you cannot give us 4,000 trucks, see that we get 50. If not 3,000 rifles, let us have 60. If you are afraid to provide a lot, let us have a little and see how it goes." In this connection service attachés concur in recommendation we undertake as soon as possible modest shipment of equipment to each of 3 services (Embtel 792[9]). For example:

Army: transport;
Navy: destroyer escort and/or LST and landing craft, complete weapons TBA for one marine battalion;
Air Force: amphibian rescue aircraft, helicopters, trainers, transports, and air navigation and communications equipment (see AIRA IR–176/191/211/216–57[10]).

Longer range program would depend on developments in Indo and possibly further negotiations.

7. In discussing terms of purchase of military equipment Defense Ministry officials have told us France and West Germany have of-

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[9]Telegram 792 from Djakarta, September 24, recommended a "modest beginning of a small amount of materials and service as soon as possible." (*Ibid.*, 756D.5–MSP/9–2457)

[10]Not further identified.

fered following terms of credit for purchase of naval vessels: 10 percent when contract is signed, additional 15 percent when keel is laid, additional 30 percent on delivery and remaining 45 percent over 3 to 5-year period. We have also been told that British Ambassador here, in connection possible sale of planes for Navy from commercial firms in U.K., informed London last week he believed long-term credits for military equipment would be "safe" and extension such credit to Indo would be in best interests of U.K. (I have not discussed this matter with him since I think it best to keep our own counsel for time being. Indo military officers, of course, may have informed others of their discussion with us.)

8. In connection our own credit arrangements I urge careful study be given to possibility extension of credit up to 10 years and sale for local currency under Section 103–c of Mutual Security Act. In present financial circumstances, Indo could hardly make commitment for repayment in 3 years, but importance of solidifying U.S.-Indo association through military aid is justification for using latitude provided in MSA legislation. For instance, would Section 144 be applicable; if payment made in local currency, could rupiah be made available under Section 505 for construction barracks, mess halls, military roads, etc.? If long term credit cannot be otherwise arranged, I am now prepared to recommend consideration of use of provisions of Section 401.

9. Effects of national conference which closed September 14 cannot yet be fully assessed (Embtels 749[11] and 793[12]). No question, however, that conference halted, at least temporarily, process of disintegration and provided framework for improvement in administration, economic and military fields. General political solutions await action by President Sukarno and working out of relationship between him, Hatta and military leaders. Although there is no certainty, chances appear better now than 6 months ago that non-Communist political parties will join forces, initially on local level, to thwart Communist program. Djuanda told Stewart of Asia Foundation yesterday that he thought increasing cooperation among Masjumi, NU and PNI would make possible formation strong party cabinet within 3 or 4 months. National conference also served to retard Communist

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[11]Telegram 749 from Djakarta, September 17, commented that analyses of the results of the National Conference indicated that its primary effect had been psychological. The conference had "temporarily checked deterioration of relationship between regions and Djakarta," but the regional leaders now had "more detailed approach to reshaping of country and their own demands. This in turn could lead regional leaders to greater lengths defiance if central government is not eventually willing compromise on various questions." (Department of State, Central Files, 756D.00/9–1757)

[12]Telegram 793 from Djakarta, September 24, reported a brief conversation with Djuanda, in which he had expressed optimism concerning the results of the National Conference. (*Ibid.*, 756D.00/9–2457)

advance for time being. Another new development has been unprecedented request from Secretary General Ministry Information for 15,000 anti-Communist books from USIS for distribution by Ministry in Communist stronghold of Central Java. In this situation new U.S. policy of positive assistance coming at time when all elements Indo society are searching for best road ahead could provide rallying point for important non-Communist elements and thus be significant influence itself in guiding political developments in direction we wish.

10. Supplying military equipment to Indo even on modest initial basis would involve taking risks which I recognize and which are obviously under consideration in Washington. Regional disaffection, strength of Communist Party and Communist sympathizers in Java, Communist infiltration in lower ranks of Army, Sukarno's instability, threats concerning take-over of West Irian, and economic deterioration are elements which cannot be ignored. On balance, however, I think risks of inaction are even greater. To sit back and allow recognized dangerous possibilities to prevent our accepting Indo's invitation to work closely with them in military matters would seem to me unduly cautious and practically certain to force Indo to seek accommodation elsewhere. On other hand practical indication of our interest in helping Indo provide its own defense with modern equipment could provide stimulus leading to more important associations with us in other fields as well.[13]

Allison

[13]Robertson raised the subject of Allison's recommendations at the Secretary's Staff Meeting on October 18, noting reports that an Indonesian military mission might be going to Yugoslavia and Moscow and that a Chinese mission might be going to Djakarta. Notes of the meeting record the Secretary's response as follows:

"The Secretary said he was fearful that the central government would use our arms to destroy the only element in the country in which we can put any hope. He had doubts that we should give them aid for this reason and also as a competitive matter with the Commies." (*Ibid.*, Secretary's Staff Meetings: Lot 63 D 75)

276. Memorandum of a Conversation, Department of State, Washington, October 15, 1957[1]

SUBJECT

West New Guinea

[1]Source: Department of State, Central Files, 756C.022/10–1557. Secret. Drafted by Mein and initialed by Robertson indicating his approval.

PARTICIPANTS

Sir Percy Spender, Australian Ambassador at Washington
Mr. M.R. Booker, Counselor, Australian Embassy
Mr. Walter S. Robertson, Assistant Secretary for FE Affairs
Mr. John Gordon Mein, Director, Office of Southwest Pacific Affairs

The Ambassador stated that he wished to follow up the conversation Minister Casey had had with Mr. Robertson in New York[2] and to clarify a couple of points on the West New Guinea issue. Minister Casey had apparently inferred from the conversation that the United States Government's position on West New Guinea was not yet firm and that the statements made on the subject in the recent ANZUS meeting may have represented the opinion of some officials but not necessarily the final U.S. position.

Mr. Robertson said that the Department does not put forward "individual" positions; that the position stated at the ANZUS Council Meeting represented the U.S. position and not that of any particular official. He said that he had told Minister Casey that we had reviewed our policy on West New Guinea and concluded that it was in the best interests of the free world that we not change our position at this time. As the Secretary had said at the Council meeting, we would prefer to see New Guinea in the hands of the Dutch rather than the Indonesians, but a change now would liquidate our influence with those with whom we must work to stop the drift in Indonesia towards Communism. Mr. Robertson said all the information we have indicates that West New Guinea is the one issue on which all elements in Indonesia are united. He said that is our view at the present time but that if there were any indication that Sukarno were going to take Indonesia into the Communist orbit we would of course change that position since we do not wish to see additional areas being taken over by the Communist bloc.

Ambassador Spender asked Mr. Robertson whether he personally was satisfied that all elements in Indonesia are united on this one issue or whether that was merely the judgment of some persons in the field. Mr. Robertson replied that we must of course rely on the judgment of our representatives in the field. He added that although there were differences of opinion within the Department and the Government concerning developments in Indonesia, there are no differences within the Government on this point and that all agree on the basis of the information available that all Indonesians are united on this one issue.

Sir Percy then asked whether it would not be possible for the U.S. to help covertly by letting some friendly governments know

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[2]The memorandum of conversation, October 9, by Howard L. Parsons of the U.S. Delegation to the General Assembly, is not printed. (*Ibid.*, 756C.022/10–957)

that the United States would not object to their opposing any resolution introduced by the Indonesians. Mr. Robertson stated that it was our view that such action could not be kept secret and that if we are going to desert our neutrality it would be preferable to throw our full influence behind our real position. To do what the Ambassador was suggesting would likely result in our getting the worst of both worlds.

Sir Percy stated that Minister Casey had gotten the impression that the Secretary was still of an open mind on this matter. He gave Mr. Robertson a list of the countries he thought we might be able to approach on this basis. The countries listed were Turkey, Thailand, Philippines, Spain, Argentina, Brazil and/or Colombia.

Mr. Robertson pointed out that the other countries know exactly where the U.S. stands and that the mere fact that the U.S. has taken a neutral position is in itself a green light to those countries to take any position they wish. He said he personally would prefer that we take a forthright position than to take any covert action. Mr. Robertson agreed, however, that the Secretary is of an open mind on the subject and said he would inform the Secretary of the Ambassador's call and of the list of suggested countries, at the same time pointing out to him what he had pointed out to the Ambassador—that any approach to Thailand and the Philippines would certainly become known to the Indonesians. This might be true of other countries as well.

The Ambassador stated that he would report to his Government that he had discussed the matter with Mr. Robertson, who had pointed out that the United States Government has decided to maintain its position of neutrality; that he fears that no covert approach can be undertaken without it becoming generally known; that he would inform the Secretary of the Ambassador's visit; and that he would express to the Secretary his personal opinion that no approach can be made to governments like Thailand and the Philippines without it becoming known to the Indonesian Government.

The Ambassador stated that in his opinion the matter is becoming more serious and that if the United States can do nothing during the current General Assembly session it should not wait until the next session before taking action. Mr. Robertson indicated he did not share this view and that in his opinion the issue might possibly die through attrition.

277. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, October 15, 1957—noon.

973. During conversation this morning with Prime Minister Djuanda I had opportunity to tell him of my personal concern at Foreign Minister Subandrio's speech in General Assembly when, in discussing West Irian issue, he talked about possibility of Indonesia using "other means" if peaceable solution of problem through UN was not possible.[2] I pointed out to Prime Minister that it would be natural for officials in Washington considering Indonesia's requests for military equipment to wonder whether or not this equipment might be used aggressively against West Irian. I expressed opinion that any overt action of an aggressive nature would only redound to the harm of Indonesia and would inevitably lose her whatever goodwill existed already with regard to the West Irian issue. Djuanda agreed and said emphatically that there was no intention of taking any aggressive action. He said activities on West Irian issue would be confined to mass meetings and press stories advocating return of territory to Indonesia. He then said to me directly and most seriously: "You have been here long enough to know perfectly well that even if we wanted to take military action against the Dutch in West Irian we are in no position to do so."

Allison

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[1]Source: Department of State, Central Files, 656.56D13/10–1557. Secret.

[2]Subandrio stated at a plenary meeting of the General Assembly on October 3 with regard to the problem of West Irian: "The only question is whether the United Nations is the place where its solution may be worked out, or whether we must embark upon another course, even at the risk of aggravating conditions in South-East Asia and perhaps inviting 'cold war' tensions to muddy further the waters of peace in that region of the world." (U.N. doc. A/PV.700)

278. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 4, 1957—10 a.m.

1135. Department telegram 986 and Embassy telegram 1114.[2] I agree that naval visits can serve useful purpose under proper conditions but I am of opinion that it is not suitable at present for naval vessels to visit Indonesia. Situation in 1954 and 1955 mentioned in Department telegram 986 was quite different than that now prevailing. If for no other reason AP story quoted in Department telegram 981[3] would make it inadvisable for any American military visits to Indonesia. I deplore the aggressive tone of recent statements by American military leaders which have had an adverse effect here. When to these statements is added a definite reference to Indonesia the situation becomes even worse. Any American military visits in the near future would only be interpreted by Indonesians as pressure being put on this country to get it to join SEATO. Any such pressure could only be counter-productive and play into the hands of the Communists. AP story summarized in Department telegram 981 particularly unfortunate in view of statement that Indonesia rejected American offers of military aid and that there is no alliance with United States. As Department is well aware, since first rejection of American military aid by Indonesia the government has come a long way and is now prepared to accept US military aid on a reimbursable basis. Such irresponsible statements as those in AP story can well lose us what progress we have already made up to this time.

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[1]Source: Department of State, Central Files, 711.5856D/11–457. Confidential.

[2]Telegram 1114 from Djakarta, October 31, referred to plans for a visit by U.S. destroyers to Djakarta and Surabaya in early December and noted: "Indonesia is no place for United States naval vessels at this time." (*Ibid.*, 711.5856D/10–3157)

Telegram 986 to Djakarta, November 2, stated that the proposed naval visit was prompted by the desire to "strengthen US-Indo naval ties" and the belief that the objectives cited in telegram 942, Document 275, might also be served. (Department of State, Central Files, 711.5856D/10–3157)

[3]Telegram 981 to Djakarta, November 1, transmitted the text of an Associated Press story datelined Pearl Harbor, which quoted remarks made by Admirals Burke and Stump in interviews with newsmen. The following paragraphs of the story concerned Indonesia:

"A sifting of the great volume of reports coming to Pearl Harbor from many sources in many Asian lands leads to the conclusion that Indonesia is one of the prime targets for Communist control and may be ripe for plucking without a shot.

"Dogged by internal dissensions and armed revolts, the Government of Indonesia has accepted so many favors from native Communists that the payoff hour may not be far off, these reports indicate.

"Stubbornly neutralist after breaking all ties with the Netherlands, Indonesia rejected American offers of military aid. Because there is no alliance or even a mutual aid agreement with the United States, any direct American military intervention would be damned as imperialism and will be avoided scrupulously." (*Ibid.*, 611.90/11–157)

Until US Government is prepared to do more than make what Indonesians would consider idle gestures, such as visits of American ships, I do not believe there should be any such visits. If on other hand, we are prepared to make some agreement regarding furnishing of military aid on a reimbursable basis and if US Government is prepared to take other steps, showing friendship for Indonesia, the visit of naval vessels could serve a useful purpose. At present they would only be an aggravation.

Allison

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279. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 4, 1957—4 p.m.

1141. I told Foreign Minister Subandrio this morning that I personally was most disturbed at excesses which had taken place during agitation on West Irian question. I said these excesses had affected American property as well as Dutch and that they could not but alienate Indonesia's friends and make it difficult if not impossible for them to help her. I expressed fear that if second stage of demonstrations scheduled to begin about November 10 should take similar or more extreme form it would have seriously adverse effect on Senators Hickenlooper and Young[2] who will be here at that time and who will have influential voice in attitude of American Congress toward Indonesia.[3]

Subandrio said he agreed with me and that government was taking serious view of situation. While he admitted serious excesses he pointed out that government had kept Communists out of control of demonstrations to their chagrin and that Hanafi had also been sidetracked. According to Foreign Minister whole object of Cabinet is to prove to country that it is serious about West Irian problem and that Communists are not only ones interested. Foreign Minister says

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[1]Source: Department of State, Central Files, 656.56D13/11–457. Secret.

[2]Senators Bourke B. Hickenlooper of Iowa and Milton R. Young of North Dakota.

[3]Telegram 1001 to Djakarta, November 5, approved Allison's representations to Subandrio and requested he make a similar approach to Djuanda, pointing out "that public opinion outside world including U.S. may react unfavorably to continuation of what appears according press accounts to be campaign not only condoned by government but actually inspired by Indonesian authorities." (Department of State, Central Files, 656.56D13/11–457)

Telegram 1194 from Djakarta, November 9, reported that Allison saw Djuanda that morning. (*Ibid.*, 656.56D13/11–957)

that all factions in government and political parties are united in determination to get this problem off dead center. He claims that Hatta with whom he had long talk this morning agrees, although he too has reservations about manner in which agitation has so far been conducted. (Subandrio said Hatta had expressed desire to see me soon so I shall have an opportunity to hear his viewpoint direct later this week.)

Non-Communist elements in government, including Djuanda, are convinced, according to Subandrio, that if government does not take strong stand on West Irian, Communists will take over campaign and win great popular support. I hope to see Djuanda tomorrow and shall see what he says about this. Subandrio said most solemnly that if no satisfaction given Indonesia at UN and Dutch are adamant in refusing to negotiate that serious consideration is being given to breaking off diplomatic relations with Dutch and nationalizing their commercial interests. He admitted this would have seriously adverse effect on Indonesian economy and that Indonesia needs Dutch skills and investment but he claims only alternative would be to see Communists take over which would be even worse. In present mood of Indonesians I do not think we can assume Subandrio was not serious or that government might not take such extreme action.

On other hand Subandrio expressed strong hopes that Dutch would recognize seriousness of situation and agree to negotiate in which case he indicated Indonesia would be willing to go considerable distance to recognize true Dutch interests here. Without in any way making commitment he indicated that negotiations might well include revalidation of repudiated debt, North Sumatra oil.

I believe this problem has reached stage where we cannot just sit by and say we are neutral. I would be first to admit that this agitation was, in first instance, artificially stimulated and that from viewpoint of abstract morals, Indonesia has no more right to rule West Irian than anyone else. However, we are confronted with situation where failure to act can only redound to benefit of Communists. In long run interests of Dutch as well as United States and free world position in Asia I believe we must take initiative in attempting to reach solution which will: 1) meet Indonesia's political objectives, 2) restore at least Dutch material position in Indonesia and make it strong, and 3) meet Australian and our fears about security safeguards in West Irian if it is turned over to Indonesian sovereignty. My immediately following cable[4] will give rough outlines of a plan which I have reason to believe would not be turned down out of

[4] *Infra.*

hand by Indonesians and would give time in which to work out details of solution which would meet above criteria.

Allison

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280. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 4, 1957—5 p.m.

1142. Embtel 1141.[2] Following is obviously sketchy outline of ingredients for solution to West Irian problem. It involves considerable initiative and responsibility being taken by US Government but, if we want to keep this important nation of 80 million out of hands of Communists and lay basis for eventual active participation with us in Southeast Asia security measures, I believe we must take that initiative and assume that responsibility.

Suggested plan involves obtaining through diplomatic channels the agreement of Dutch, Indonesians and Australians to action by stages along following lines:

1) Indonesians publicly renounce use of force or threat of force with reference to West Irian problem.

2) Dutch announce willingness to negotiate providing negotiations include consideration of repudiated Indonesian debt, North Sumatra oil and position of Dutch commerce and industry in Indonesia. I make no attempt at this time to indicate what debt settlement should be but certainly Dutch aide-mémoire given on September 27 to Assistant Secretary Wilcox[3] could be taken as basis for discussion.

3) At end of negotiations (which would probably take at least six months) it would be announced that at end of stated period, say five years, sovereignty over West Irian would be turned over to Indonesia and that:

> a) During those five years Dutch would undertake training at accelerated rate of Indonesian and native administrators, et cetera; Indonesians would provide, at their expense, such administrators as possible to work under Dutch for this period.

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[1]Source: Department of State, Central Files, 656.56D13/11–457. Secret.

[2]*Supra.*

[3]The aide-mémoire, given to Wilcox by Ambassador van Roijen on September 27, requested U.S. good offices in helping to initiate Netherlands-Indonesian discussions leading to a settlement of the question of Indonesia's debts to the Netherlands and suggested that such a settlement might include reconsideration of the rate of interest, the scheme of amortization, and the total amount of the debts. The aide-mémoire is filed with a memorandum of conversation by Elizabeth Brown, September 27. (Department of State, Central Files, 856D.10/9–2757)

b) Upon transfer of sovereignty Dutch would agree to allow certain administrators and officials to remain for a further stated period, under nominal Indonesia control and at Indonesian expense.

4) Indonesia would agree that ANZUS pact might be extended to cover any hostile attempt to attack West Irian and might even agree to be associated with ANZUS powers in limited area of West Irian.
5) Indonesian Government would undertake to control strictly all Communist activity within Indonesia and would accept American assistance and guidance in anti-subversive activities.
6) United States would undertake expanded aid program in Indonesia with understanding that large part of it would be designed to aid regions and assist in solution regional problems.

There are obviously other elements that could and should be included in any over-all settlement but I believe above will indicate lines along which settlement might be possible. Five-year period prior transfer of sovereignty would give opportunity observe Indonesian action under 5) above. I urge that serious and urgent consideration be given to some such solution. Subandrio is leaving November 11 for New York to handle West Irian debate at UN and I believe he would be receptive to any suggestions.

Allison

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281. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 5, 1957—1 p.m.

1145. During an extended discussion this morning Djuanda said Subandrio had told him of our talk yesterday (Embtel 1141[2]) and he expressed his personal regret at excesses during present West Irian campaign. He said that he had experienced similar and even worse excesses on part of Dutch during the pre-independence period but that this was no excuse for Indonesians acting same way. As Defense Minister he has given instructions to Army to take steps to prevent demonstrations getting out of hand but he admitted this was most difficult to assure.

According to Djuanda, question of how far Indo Government will go on West Irian matter depends to large extent on over-all problem of restoring political stability and in particular on degree of

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[1]Source: Department of State, Central Files, 656.56D13/11–557. Secret.
[2]Document 279.

cooperation it is possible to bring about between Sukarno and Hatta. If Sukarno and Hatta can get together in an effective manner it will make for moderation, if, on other hand, no satisfactory agreement can be reached Sukarno will probably take bit in his teeth and Djuanda fears extreme action such as breaking off diplomatic relations with Dutch and nationalization their economic interests. Djuanda apparently expects nothing to come of U.N. debate and says government will then be in most serious situation.

Djuanda said that if his resignation in favor of Hatta could bring about Sukarno–Hatta cooperation he would offer it at once. However, Sukarno has made clear that at present he will not accept Hatta as Premier although he will agree to his return to the Vice Presidency. This Hatta has in the past refused to do. Djuanda believes that if he should resign now it would only mean that Sukarno would be left with no one but extreme left wingers to advise him which would be disastrous. The Prime Minister has had one long talk with Hatta since latter's return from China and is having another tomorrow. (I am seeing Hatta morning November 7.[3]) He says Hatta has agreed to assume chairmanship of forthcoming reconstruction conference but that he has not yet put to him directly the question of returning to the Vice Presidency. A complication has arisen regarding the reconstruction conference, Djuanda told me most confidentially, for he has received from the National Council "advice" to effect that Sukarno and Hatta should be joint chairmen of the conference. Djuanda says he has not yet presented this "advice" to the Cabinet and is still considering just what to do about it. He expressed belief that Sukarno had personally nothing to do with this action on part of National Council as he had previously agreed to Hatta being sole chairman of the conference.

Djuanda claimed, with what I consider be great understatement, that his position "is not at all easy". He said: "Both Sukarno and Hatta are stubborn men and both have taken extreme positions, but, of the two, I believe Sukarno is less stubborn." Djuanda is working for a compromise which he believes is essential if Indo is not to break up and Java fall into Commie hands. He says Sukarno will not agree to abolishing the National Council, which Hatta has demanded, but he will agree to modification of its make-up to assure greater and more effective regional representation with a consequent lessening of extreme left-wing influence. Other compromises would also be nec-

[3]Telegram 1174 from Djakarta, November 7, reported that Allison's conversation with Hatta that morning had been devoted largely to the latter's impressions of China but had touched briefly on the subject of West Irian. It concluded: "In essence Hatta's position is same as Subandrio's, as reported in my telegram 1141. He made it abundantly clear that this is a national aim and not one solely sponsored by Sukarno." (Department of State, Central Files, 656.56D13/11–757)

essary but Djuanda believes Sukarno would agree if he had reason to believe the more conservative elements in the country could and would bring about some of the things he is most interested in such as a favorable settlement of the West Irian problem.

While Djuanda was not pessimistic this morning he was more frank than ever before about the great difficulties still to be overcome before Indo is past the danger point. In my opinion Djuanda is a serious, dedicated man who firmly believes that the only hope of avoiding bloodshed and a break up of the country is the bringing about of a compromise which will make possible the restoration of the Sukarno–Hatta leadership. He is working for this in a patient, Indo manner with no thought of self, and if there is any way we can help him I think we should. I have suggested in my 1142[4] one way. I am sure there are others.

Allison

[4] *Supra.*

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282. Editorial Note

At the Secretary's Staff Meeting on November 6, there was the following brief discussion relating to New Guinea:

"*New Guinea*—Mr. Robertson noted that the Australians and Dutch were going to issue a joint statement which he had shown to him and which he found unexceptionable. Allison, however, wants us to stop it. He also wants us to end our neutral position and favor Indonesia in the New Guinea difference. The Secretary said that he did not agree with Allison's position on this matter and did not want to take any such step as this which would seem to be rewarding Sukarno while he was flirting with the Communists.

"(*Note:* Although this seemed to be a clear indication that the Secretary has adopted the neutral position, in subsequent discussion with Mr. Murphy he felt that the Secretary should take a specific action on the memorandum we have prepared for him, among other things in order to make sure that he is not considering moving over nearer the Dutch position.)" (Notes prepared by Fisher Howe; Department of State, Secretary's Staff Meetings: Lot 63 D 75)

The memorandum prepared for the Secretary, to which Howe referred, has not been identified, but see Gadel 81, Document 289.

The Netherlands-Australian joint statement, issued on November 6, declared that the two governments would "continue, and strengthen, the cooperation at present existing between their respective administrations" in Netherlands New Guinea and the Australian

Trust Territory of New Guinea and Papua; a copy was given to the Department on November 5 by the Netherlands Minister. (Attachment to memorandum of conversation by Lancaster, November 5; Department of State, Central Files, 756C.022/11–557) Telegram 1156 from Djakarta, November 6, stated that Allison had just learned of the forthcoming statement, warned that "at this time and in present state of Indonesian emotional binge over West Irian such a statement could have the most serious effects," and urged the Department to counsel the Netherlands and Australia to be cautious and patient. (*Ibid.*, 656.56D13/11–657)

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283. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, November 8, 1957—6 p.m.

802. Reference Embtel 772[2] and Djakarta's 1141 [*1142*].[3] Non-Communist Netherlands press enthusiastically welcomes joint Netherlands-Australian communiqué re cooperative development New Guinea. Those few politicians whom Embassy has thus far queried likewise praise action and indicate it has widespread political support. Several interpret action as first step in new, positive policy toward development independent "Papuan nation".

Although Embassy has not yet had adequate opportunity assess all shades influential opinion throughout country, initial estimates would indicate that, aside from Communist, only opponents new policy will be owners those business interests operating Indonesia, which will obviously continue suffer Indonesian reaction. Previous dissident government policy re New Guinea located leftwing of Labor Party and Reformed Church Synod will probably give wholehearted support new concept "Papuan nation".

As for aforementioned business interests, it must be understood that: First, (as local Indonesian diplomat recently complained Embassy officer) their political influence is practically nil. Second, their motives of self-preservation are so suspect and so open attack from Socialists and religious groups that they do not dare mount open oppo-

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[1]Source: Department of State, Central Files, 756C.00/11–857. Confidential. Repeated to Djakarta and Canberra. Received on November 11.

[2]Telegram 772 to The Hague, November 5, reported that the Embassy had been given a copy that morning of the forthcoming Netherlands-Australian joint statement on New Guinea. (*Ibid.*, 756C.00/11–557)

[3]Document 280.

sition. Finally, Netherlands Government concludes that importance business firms' position in Indonesian inter-island shipping, export trade and banking is so strong that these firms can and must protect themselves. Recent example this attitude demonstrated when Netherlands Chamber Commerce Djakarta forced make own representations Subandrio because Netherlands Government did not wish give credence Indo contention that West New Guinea issue is threat to peace.

Department, therefore, should appreciate that Netherlands-Australian announcement represents far-reaching decision which, in effect, converts former negative Netherlands holding position to new, positive program for action in New Guinea. From foregoing, it can be concluded that Netherlands Government has now drawn farther than ever away from any possibility ceding West New Guinea to Indonesians and moreover, has associated Australia with it in this attitude at considerable consciously calculated cost both countries in terms own political and economic investments Indonesia. No matter how deeply Embassy can sympathize with motives prompting proposals outlined Djakarta's 1141 [*1142*], we can only conclude that it is totally unrealistic predicate any solution this problem on deal which would require cession West New Guinea to Indonesians in return protection Netherlands assets Indonesia. It might not be too rash to state that, in a philosophic sense, Netherlands has already written off those assets and will content itself with nothing more than rear guard actions to hold losses to minimum.

Nor would Netherlands be willing consider cession West New Guinea in exchange US-led campaign designed save Indonesia from Communism. Netherlands convinced New Guinea and colonialism have nothing to do with current Indonesian drift toward Communism. Instead (and they often quote Sukarno to prove it), they maintain that popular amenability to Communism derives from a confused domestic economic and political situation against which New Guinea is used entirely as a diversionary attraction. They are convinced that, if New Guinea were ceded to Indonesia, some other issue, such as Netherlands investments, Portuguese Timor, British Borneo, or US oil concessions would have to be found as a replacement diversion. After their recent experience with round table debts, and other matters this character, they would not give any credence Indonesian promises extracted in consequence any proposed deal.

Finally, it would be unrealistic presume that US after once having turned trick at round table conference, would have any ability convince Netherlands our logic these matters is more profound or lasting than theirs, particularly when essence our logic seems to be

deal in which Netherlands territory would be traded to Indonesians in exchange for new foothold US influence in their former colony.

Young

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284. Memorandum of a Conversation Between the Indonesian Ambassador (Moekarto) and the Deputy Assistant Secretary of State for Far Eastern Affairs (Jones), Washington, November 12, 1957[1]

SUBJECT

Indonesia

Ambassador Moekarto asked me to have luncheon with him to discuss a number of matters.

1. West New Guinea

As soon as the social amenities had been observed, the Ambassador raised the question as to whether we had changed our position on West New Guinea. I informed him that there had been no change whatever in our positions. As he was aware, our position on this issue was one of strict neutrality as between our two friends, Indonesia and the Netherlands. I pointed out that we were meticulous in our neutrality even abstaining on the resolution to put the matter on the agenda of the United Nations. There had been considerable discussion of the problem in connection with the forthcoming introduction of the Indonesian resolution on West New Guinea in the United Nations and only recently our neutral position had been reaffirmed. I then inquired as to the type of resolution the Indonesians planned to introduce on West New Guinea. The Ambassador replied that it would be a strongly worded resolution calling for the United Nations to use its good offices.

2. PL–480 Rice

The Ambassador then turned to the subject of Indonesia's request for rice under Public Law 480[2] and inquired whether his Government could count on receiving an allocation of rice within the current fiscal year. I informed him that the matter was under current

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[1]Source: Department of State, Central Files, 756D.00/11–1257. Secret. Drafted by Jones who made two memoranda of this conversation; see *infra*.

[2]An Indonesian request for 250,000 tons of rice was made in April and renewed in September; documentation on this subject is in Department of State, Central File 411.56D41.

review, prospects were favorable, although the amount would not be as large as their request, and I would advise him further within the week.

3. Sukarno's Trip to the United States[3]

The Ambassador then said that he wished to give me advance informal notice of President Sukarno's plans to visit the United States incognito. He said a formal note would be sent to the Department just as soon as the itinerary had been firmed up. Sukarno was planning to fly first to Rome to visit the Pope and then across the Atlantic to visit a number of Latin American countries after which he would fly to New York for a few days "rest." He said that the President hoped to keep this visit on a strictly incognito basis although he, the Ambassador, realized how difficult this would be. According to very tentative plans President Sukarno's arrival in New York would be January 24, 1958.

4. United Front Against the Communists

I asked the Ambassador whether he thought there was a real possibility of the three major non-Communist parties, the PNI, Masjumi and the NU getting together in a united effort against the PKI and, if so, what Sukarno's attitude would be. The Ambassador said that in his view the chances were very good. The PNI had completely changed its policy vis-à-vis the PKI due to a number of factors: (1) the Communist gains in voting strength at the expense of the PNI; (2) the change in PNI leadership and (3) the new aggressive posture of the PKI which had now moved from its "national front tactics" to more typical Communist tactics reminiscent of the pre-Madiun days. As for Sukarno's attitude, he said frankly that in his view Sukarno was playing politics and that he would disengage himself from the PKI just as soon as he saw the wind blowing the other way. He did not think that Sukarno was so committed to the PKI that it would be difficult if not impossible for him to disengage. The Ambassador himself was a member of the PNI and he felt that the trend in Indonesia was now in the right direction.

5. Settlement of Disputes with Dissidents

On this subject, the Ambassador was also optimistic. The key to the solution of the present difficulty, he observed, was the formation of a new government which would include Hatta. This accomplished,

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[3]The possibility of an unofficial informal visit by Sukarno to New York or California, in connection with a proposed trip to Latin America, had been raised with the Embassy in Djakarta as early as February 1957; documentation on this subject is *ibid.*, 756D.11.

all the related difficulties could be worked out. He said that the foundation had been established for Sukarno and Hatta getting together at the National Conference held this year. Prime Minister Djuanda had already informed the PNI leadership of his willingness to resign whenever an agreement had been worked out between Sukarno and Hatta. He did not wish to predict when this development would take place but he thought something would happen fairly soon—perhaps within the next two months. Asked as to who might become Prime Minister, the Ambassador merely shrugged and observed that Prime Minister Djuanda, a non-party man, had the confidence of the leaders of all three major non-Communist parties.

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285. Memorandum of a Conversation Between the Indonesian Ambassador (Moekarto) and the Deputy Assistant Secretary of State for Far Eastern Affairs (Jones), Washington, November 12, 1957[1]

SUBJECT

Indonesia

Ambassador Moekarto asked me to have luncheon with him to discuss a number of matters, but it was apparent that the main thing he had on his mind was the subject of West New Guinea.

1. *West New Guinea*

As soon as the social amenities had been observed, he took out of his pocket a telegram he had received from Djakarta on this subject. In successive interviews with Foreign Minister Subandrio and Prime Minister Djuanda, Ambassador Allison had said that the United States favored transfer of sovereignty over West New Guinea within the next three to five years, the Ambassador reported. The Ambassador said that he wanted to check with me to find out whether this represented the views of the United States Government. I questioned him closely as to the context in which the alleged statements had been made but the Ambassador said the telegram gave no further details. I replied that, as he was aware, our position on this issue was one of strict neutrality as between our two friends—Indonesia and the Netherlands—and that this continued to be our position. He inquired as to whether there had been any recent develop-

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[1]Source: Department of State, FE Files: Lot 59 D 19, MC—Indonesians 1957. Secret. Drafted by Jones who made two memoranda of this conversation; see *supra*. Filed as an attachment to Document 290. The source text bears the notation "Not to be distributed outside FE".

ments which would have justified Ambassador Allison's remarks, to which I replied that there had been no new developments except that there had been considerable discussion in connection with the forthcoming introduction of the Indonesian resolution in the United Nations on the West Irian question and that our neutral position had been reaffirmed. I inquired as to the type of resolution the Indonesians planned to introduce on West New Guinea and he said it would be a strong one, calling for the UN to use its good offices.

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286. Memorandum From the Director of the Office of Southwest Pacific Affairs (Mein) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, November 12, 1957.

SUBJECT

Military Assistance to Indonesia

In accordance with a suggestion made to you by Mr. Quarles, working level representatives of the Department of State, the Central Intelligence Agency, the Office of the Assistant Secretary of Defense for International Security Forces, and the three Services, have discussed the question of military assistance to Indonesia, using Ambassador Allison's telegram No. 942 of October 11, 1957 (Tab A)[2] as a basis for the discussions. At a meeting on November 4 this group agreed to recommend:

1) that favorable action be taken on the Embassy's recommendation that military equipment be made available to Indonesia;
2) that the U.S. be prepared to make token shipments if the necessary arrangements can be worked out with the Indonesian Government;
3) that such token shipments be designed so as not to increase materially the ability of the Central Government either to mount a punitive expedition against the regionalist movements in the outlying islands or attempt to take West New Guinea by force.

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[1]Source: Department of State, Central Files, 756D.5–MSP/11–1257. Secret. Sent through Howard Jones who initialed. Also sent to Under Secretary Herter with a covering memorandum of November 15 from Robertson, suggesting that he arrange a conference with Deputy Secretary of Defense Donald A. Quarles and Allen Dulles to make a final decision on Indonesia's request. Robertson wished to be present and to discuss the subject briefly with Herter before the meeting. (*Ibid.*, 756D.5–MSP/11–1557)

[2]Document 275. The tabs were not attached to the source text.

In addition, the representatives of Defense recommended that a high ranking officer, of General or Flag rank, be made available to assist Ambassador Allison in the negotiations.

In my opinion the decision we take on the Indonesian request for military assistance will have an important bearing on the future course of that country and may well be the decisive factor in determining whether in the long run Indonesia will align itself with the West or with the Soviet Bloc. It is important, therefore, that we consider all the factors involved and that our decision be based on what is in the best interests of the U.S. The following points should therefore be considered:

A. Reasons for assistance.

1. As pointed out in my memorandum to you of October 22 (Tab B),[3] the Indonesian request to purchase arms and equipment from the U.S. represents, in the broader context of our relations with Indonesia, the successful achievement of a fundamental policy objective. We have worked since 1950 to create and maintain in the Indonesian armed forces a pro-U.S. orientation, and to encourage Indonesia to look to the West for its military supplies. The Indonesian Government, on its own initiative, has finally met our terms and approached us with a formal request. To rebuff the Indonesians now will only serve to confirm the fear that many of them now have that we are not prepared to assist them.

2. The Indonesian armed forces are determined to modernize, and they will turn to other suppliers if U.S. sources are denied to them. As the Embassy has reported, Indonesia has received offers of military equipment from Poland, Czechoslovakia, Yugoslavia, and China, among others, and its military leaders are finding it hard to hold out for U.S. equipment, which they prefer, when less expensive or free military supplies are available from other countries. Should they have to turn to the Soviet Bloc to meet their needs the communists will have won a major victory. It will only be a matter of time then before the Indonesian armed forces become completely oriented to the Bloc.

3. There is general agreement that the Indonesian armed forces, particularly the army, represent the most important single force for providing a stable, non-communist government in Indonesia. The Service Attachés and the Embassy regard the army officer corps as predominantly Western-oriented and anti-communist. Army Chief of

[3]The memorandum under reference recommended that Robertson meet with Quarles and Allen Dulles to determine a State–Defense–CIA position on the subject. Robertson had initialed his approval of this recommendation. Its recommendations for the Department of State position were similar to Mein's recommendations in this memorandum. (Department of State, Central Files, 756D.5–MSP/10–2257)

Staff Nasution (himself a non-communist) has assured our Army Attaché that there is not a single battalion commander in the Indonesian Army who is a communist or communist sympathizer. It is not unreasonable, therefore, to expect that the armed forces would take over the government before the communists were permitted to gain the upper hand.

4. Since 1950, 395 Indonesian officers have been trained in U.S. Service Schools, and 96 additional slots have been made available to them for this year. These officers are familiar with U.S. military procedures and believe in the superiority of U.S. equipment. As a result of their influence the Indonesian Government has overcome its political objections and established its eligibility to purchase equipment from the U.S. Another indication of their influence is that U.S. Army and West Point text books will be used in the new National Military Academy. The request for arms and equipment provides us with an opportunity to strengthen the position of these pro-U.S. elements, as well as those in the government, by a concrete demonstration of U.S. support.

5. The Embassy reports that in the Indonesian war plans Communist China is considered to be the enemy and the U.S. an ally. Under these circumstances, it would seem clearly desirable to standardize Indonesian equipment as much as possible with that of the U.S.

6. The Naval Attaché in Djakarta recently reported that according to General Nasution the arrival of U.S. equipment would have a favorable political impact, would improve the morale of the Services and of the people, and could favorably influence Sukarno.

B. Risks

1. The sale of military equipment to Indonesia would of course involve certain risks, although these risks can be kept to a minimum by proper timing and selection of equipment to be shipped in the early stages. Despite the risks involved, however, I believe it is in the U.S. interest to respond favorably to the Indonesian request.

2. The Dutch and Australian Governments can be expected to indicate their displeasure should we agree to sell Indonesia military equipment, primarily because of their fear that some of the equipment might be used for an attack against West New Guinea. In my opinion the danger of an attack by Indonesia against West New Guinea is so remote, and the stakes here are so great, that while giving due consideration to the positions of those two countries we should not let their attitude determine our position. We cannot afford to lose Indonesia to the Soviet Bloc because of the fears of those countries over West New Guinea. Also, it should be noted that use of equipment purchased from the U.S. for such purpose would

be prohibited under assurances given to us by the Indonesian Government last March[4] which provide inter alia:

"Any weapons or other military equipment or services purchased by the Government of Indonesia from the Government of the United States of America will be used by the Government of Indonesia solely for legitimate national self-defense and it is self-evident that the Government of the Republic of Indonesia as a member of the United Nations Organization, interprets the term 'legitimate national self-defense' within the scope of the U.N. Charter as excluding an act of aggression against any other State".

It should further be noted that the British Ambassador in Djakarta is reported to have recently recommended to his Government the sale to Indonesia of naval equipment on a long term loan basis. Also, the Australian Government announced only last month that it will train eight Indonesian officers in Australian artillery and armored schools.

3. The risk that some of this equipment might be used against the dissident elements in the outer islands has decreased as a result of the National Conference held in September. The Conference appointed a committee of seven to resolve the Army problem, and all the military leaders have agreed that they will accept and abide by the decisions of that committee.

C. Timing

The best time to approach the Indonesian Government must be determined in the light of events in Indonesia. Ambassador Allison has suggested that if the U.S. is to sell military equipment to Indonesia the best time to approach the Government might be immediately following after the Seven-Man Commission appointed by the National Conference to settle the Army question has submitted its recommendations. The political effect and improvement in the morale of the armed forces and the people following such a decision might, according to the Ambassador, prove decisive in continuing the orientation of the army to the West.

D. Recommendations

1. That a favorable response be made to the Indonesian request to purchase military equipment from the United States.

2. That Ambassador Allison be authorized to inform the Indonesian Government of our preparedness to discuss the sale of equipment for the Indonesian armed forces.

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[4]Reference is to Subandrio's note of March 14 to Allison; see footnote 7, Document 218.

3. That an early token shipment be made if the necessary arrangements can be worked out with the Indonesian Government.

4. That the type and amount of matériel to be supplied be determined in the light of the developing situation in Indonesia.

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287. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 13, 1957—2 p.m.

1227. For Robertson. Department telegram 1043.[2] What I said to Foreign Minister and Prime Minister was to effect that no American government could under present conditions agree to support early transfer of sovereignty over West Irian to Indonesia. I added that before United States position could be expected to change there would have to be assurances to be confirmed over period of several years that Indonesian Government was taking adequate steps looking toward control Communism and creating more stable political and economic situation. I believe period of three to five years was mentioned but whole discussion was strictly understood as being my personal idea which had not been discussed with Washington. In my last talks with both Prime Minister and Foreign Minister I reiterated that present Indonesian conduct was making it extremely difficult for her friends to help Indonesia.

Allison

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[1]Source: Department of State, Central Files, 656.56D13/11–1357. Secret; Priority.

[2]Telegram 1043 to Djakarta, November 12, reads as follows:

"For: Ambassador from Robertson. Indonesian Ambassador informed Jones today he had been advised by Djakarta that you had indicated to Foreign Minister and Prime Minister in successive interviews US Government favored transfer of sovereignty over West New Guinea to Indonesia within three to five years. Assume this result of misunderstanding but request your comments urgently." (*Ibid.*, 656.56D13/11–1257)

288. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 15, 1957—8 p.m.

1249. During interview with Congressman Saund[2] this morning which I attended, President Sukarno talked mostly of the West Irian problem. He pleaded with Congressman to urge American Government to reconsider its position and not "lose to Moscow". Sukarno claimed that whenever he told Indonesian audiences that America was a true friend of Indonesia he was always met with the question: "Then why doesn't America support us on West Irian question?" This would be followed by statements that Soviet Union always supported Indonesia. Sukarno went on to say that American Government leaders made a great mistake in thinking that economic and other material aid was the only important thing to give the new nations of Asia. "This is an age of nationalism in Asia," said the President, "and raising the standard of living of people, while important, is not enough. 'Man does not live by bread alone'. We must have political as well as economic help". Sukarno then repeated his oft-stated theme that if America would only come out on Indonesian side in this matter, he could turn the nation overnight into close friend of the United States. He claimed that all Indonesia wanted was public recognition by America that cause of Indonesia was just; the working out of the details of transfer of sovereignty could be discussed at length with the Dutch. Sukarno definitely implied that he did not expect an immediate transfer and was prepared to wait several years for implementation once public recognition had been given to rightness of Indonesian claim.

While both Congressman Saund and I attempted to urge caution and desirability of an evolutionary rather than a revolutionary settlement of this problem, we made no impression on Sukarno. He continues to claim, and there is considerable evidence to back him up, that this is a genuine mass demand, and he cried: "Let me keep the masses in my hands". In light of his previous statements, it was clear he meant by this that if we supported him on West Irian he could keep the masses under control and on our side.

During later stage in the conversation the Congressman asked Sukarno what had been effect on public opinion of Indonesia of the two Russian "Sputniks". After instantly replying that they had constituted a "plus" for Russia, Sukarno went on to say, "I do not know in detail what the military significance is, but I am certain that in

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[1]Source: Department of State, Central Files, 656.56D13/10–3057. Confidential

[2]Representative D.S. Saund of California.

this modern age, with earth satellites and guided missiles, the security significance of West Irian to Australia has disappeared".

At beginning of conversation President said to me that his new guesthouse on Bali was practically finished and he asked, "When will President Eisenhower come to visit me there?" I am convinced that this man still would rather be friends with America than any other foreign country, but he is going to take help from any quarter possible to achieve his ends. It is all very well to say, as in last paragraph The Hague's 810 to Department,[3] that Dutch would look askance at substitution of US influence in their former colony in exchange for trading Dutch territory to India [*Indonesia*]. The Dutch have no influence here. The Australians are fast losing what little they had. If American influence is not maintained in Indonesia, the only other foreign influence will be Soviet Russian or Communist Chinese. Do the Dutch honestly think this would be in their true long term interest? There is one way and one way only of maintaining American influence here. It is along the lines of my 1141[4] or some similar approach which provides for flexibility and time to work out details of a solution fair to best interests of all. We can perhaps maintain a neutral position for a short time longer but the sands are running out.

Allison

[3]Reference should be to telegram 802, Document 283.
[4]Reference should be to telegram 1142, Document 279.

289. Telegram From the Department of State to the Mission at the United Nations[1]

Washington, November 15, 1957—4:06 p.m.

Gadel 81. Re West New Guinea. Following is decision taken by Secretary November 8:

"Confirmed that the U.S. policy of 'neutrality' should be continued on the issue of West New Guinea, as to sponsorship, lobbying and voting on resolutions."

Secretary's approval of neutrality as to lobbying was supplemented by following comment: "If, but only if, it can be done without becoming public, I would suggest that we would not be heart-

[1]Source: Department of State, Central Files, 656.56D13/11–1557. Secret. Drafted in UNP, approved in S/S, and cleared in IO.

broken if there were no two-thirds majority seeming to favor Indonesia's claims."

Dulles

290. Memorandum of a Conversation, Department of State, Washington, November 18, 1957[1]

SUBJECT

West New Guinea

PARTICIPANTS

Dr. Subandrio, Foreign Minister of Indonesia
Mr. Moekarto, Indonesian Ambassador at Washington
The Secretary
Mr. Robertson, Assistant Secretary for Far Eastern Affairs
Mr. Walmsley, Deputy Assistant Secretary for IO
Mr. Mein, Director, Office of Southwest Pacific Affairs

Dr. Subandrio, after an exchange of amenities, said that he had asked to see the Secretary again because he wanted to ask for the understanding and assistance of the United States in the West New Guinea problem and the deteriorating Indonesian-Netherlands relations. He said that relations with the Netherlands are more strained now than ever before. Among the contributing factors he mentioned 1) the increase in the Communist votes in the recent elections in Java; 2) the position of President Sukarno on the West New Guinea issue; and 3) extension of the cold war to Asia as a result of increased activities of the Soviet Bloc in that area. He said that not only was his Government concerned with the increased activities of the Soviet Union in Asia but that President Nasser also shared this concern, as indicated to him by the President during his recent visit to Cairo.

Discussing each of these factors separately, Minister Subandrio commented:

1. The West New Guinea issue has been taken by the PKI as a subject for agitation. If Indonesia cannot get the UN to approve a resolution on West New Guinea, as seems likely at the present time, the Government wants to prevent the issue being used by the Communists for their purposes. It is therefore taking some of the initia-

[1]Source: Department of State, Central Files, 756C.022/11–1857. Confidential. Drafted by Mein. The source text bears the handwritten notation by Joseph N. Greene, Jr., "OK as changed. JG", and the typed notation that the last page (containing the last six paragraphs) was retyped in the Executive Secretariat.

tive at the present time to avoid the Communists' capitalizing on this issue.

2. Referring to the Secretary's remark when he called on October 4 to the effect that as a result of Sukarno's visit the two countries had not drawn closer as we had hoped, Dr. Subandrio said that President Sukarno had asked him to convey to the Secretary and to President Eisenhower the statement that he is not a Communist. He said this is also his own estimate of the man. The President's one obsession is West New Guinea and his aloofness to the U.S. is not related in any way to communism or his thinking on communism but to the West New Guinea issue. The President's speeches are extremely effective in Indonesia, and although the President regrets that he has to go as far as he does in his public utterances, he does so because he wants to have the West New Guinea issue removed from the scene.

3. The Soviet Union is increasing its activities in the area daily. The Indonesian Government wishes to remove the West New Guinea issue before it becomes an issue in the cold war. As a result of the strained Indonesian-Netherlands relations the West is in a weak position in Indonesia. Until this issue is removed the position of the West cannot be strengthened.

The Minister said that Indonesia was anxious to get out of the present impasse in its relations with the Netherlands, which it considers dangerous. The policy of the Indonesian Government is to seek a way out of this impasse through negotiations with the Netherlands. Such negotiations, he said, would not necessarily mean a transfer of sovereignty over West New Guinea now and might in fact last for several months, a year, or longer. The West New Guinea issue could be discussed in the context of negotiations on all phases of Indonesian-Netherlands relations. What is at stake is no longer just West New Guinea but the future of Indonesia. The Minister said that a defeat of the Indonesian resolution in the UN might be followed by the breaking of relations with the Netherlands. What the Indonesian Government asks of the United States is not that we make a choice between Indonesia and the Netherlands but that we assist in bringing about these negotiations since other matters than just West New Guinea are at stake.

The Secretary said that if the issues in this matter were clear we would not hesitate to act, just as we did not hesitate to act against our friends the British and the French last year in the Suez crisis and recently against the French on the question of supplying arms to Tunisia. We do not hesitate to act even contrary to the interests of our own friends if the issues are clear. In the present case, for example, there is the question of interpretation of agreements, with reference to which the suggestion has been made that the matter be referred to the International Court of Justice, in accordance with the United Nations Charter. There is also the question of who should have respon-

sibility for leading the people of this area to independence, which is not clear. The Secretary said that we are under the greatest pressure from the Netherlands and Australia to come out on their side but we have not done so because in our opinion the issues are not clear. The Secretary added that he does not feel that we are justified in taking the drastic action which would be involved should we take either side and that until the issues have been clarified we do not believe we can make a clear case of support for either side. He said he realizes this does not please either side but that such is our position.

The Secretary commented that the Soviet Union does not face a similar problem because they support whatever side is in their interest on any given issue, changing their position when they find it necessary, not having any principle in these matters. The Secretary regretted that the issue had become so inflammatory in Indonesia.

The Secretary then read to Dr. Subandrio a UP report that President Sukarno in a speech in Djakarta today had said that Indonesia would resort to force if the UN failed to settle the dispute between Indonesia and the Netherlands over possession of the area. The Secretary pointed out to Dr. Subandrio that Indonesia has agreed under the UN Charter not to use force to settle its disputes; that it is not made easier for us to support the Indonesian case when it looks as though we were doing so under threat of force. The Secretary said that Indonesia should be satisfied that we are not supporting the Netherlands, especially in view of the great pressure from them to obtain our support. The Secretary reiterated his previous statement that the issues were not clear and that we will therefore continue to maintain our policy of neutrality. He said that it is our decision to adopt a neutral position in the United Nations although our position may change in light of the form of the resolution to be presented. If we thought that legally and morally the issues were entirely clear we would not hesitate in offending one side by supporting the other. We have not hesitated to do this in the past. In the main, he said, we plan to continue our position, always depending of course on the form of the resolution.

Mr. Walmsley mentioned that a draft resolution had been circulated and that it differed from previous resolutions in that there was no request for the good offices of the UN. The draft resolution recommends that the two parties negotiate their differences and that the President of the General Assembly assist them in this and report back to the 13th General Assembly.[2] The Secretary commented that

[2]The text of the draft resolution, given to the U.S. Delegation by the Indonesian Delegation, was sent to the Department in Delga 429, November 14. (*Ibid.*, 656.56D13/11–1457)

the position of the Netherlands Government was that support for the resolution implied support for the Indonesian position.

Dr. Subandrio commenting on the legality of the Indonesian claim said that Indonesia and the Netherlands have held negotiations on the West New Guinea issue since the Round Table Conference in 1949 and that even as late as 1952 the Netherlands Government had agreed to the appointment of a joint commission to study the problem and to report back to the two governments. The commission had not carried out its work, however, because of the resignation of the Indonesian Government during the negotiations. He said he cited this as an indication that the Dutch even as late as 1952 were prepared to negotiate on this issue. The Secretary commented that it was his understanding that the Dutch took the position that they had complied with the provisions of the RTC Agreement for negotiations within one year.

As to the use of force, Dr. Subandrio said that he agrees that Sukarno's speeches are strong and forceful but that the Indonesian Government must take the initiative from the PKI. He said that as to the use of force, they do not mean the use of armed forces but of strong action in their relations with the Netherlands. Dr. Subandrio said it would be very painful to take any drastic action vis-à-vis the Netherlands but the alternative would be easier than the present situation.

Concerning the Australian position on West New Guinea and their statements that the races there are different from those in Indonesia, Dr. Subandrio said that the people of West New Guinea are close racially to the Ambonese. He said that as he had pointed out to Foreign Minister Casey, he thought that Indonesia as a whole was of greater importance to the security of Australia than West New Guinea. He said his government had not thought in terms of a military alliance with Australia but that this does not mean that Indonesia is not prepared to ally itself with Australia if there is a threat from the north. Dr. Subandrio said that Indonesians have been concentrating on domestic problems and for that reason have not entered into any military pacts. Indonesia wishes to improve its relations with Australia but the recent joint Australian-Netherlands statement is not conducive to good relations. With reference to the joint statement he said he had suggested that the Australians state that it does not imply a military pact, which in his opinion would be very bad. The Indonesian position on alliances, although it has not joined any of them, has been consistently that they are intended to be against the Communists. If the Australian-Netherlands statement implies a military pact against Indonesia this will weaken the position taken by the Indonesian Government so far and play into the hands of the Communists.

The Minister reiterated his statement that there are many problems in Indonesian-Dutch relations which need to be settled and that all Indonesia wants is to negotiate the question of West New Guinea in the context of these problems. Maybe in a year or so, he said, as a result of negotiations it might appear that West New Guinea is after all not the most important problem between the two countries. The Indonesian Government, however, is anxious to make sure that the issue is not seized upon by the Communists. Dr. Subandrio, in referring to the tactics of the Communists mentioned the use being made of two telegrams reportedly picked up during the Taipei riots[3] and published about a month ago by *Blitz* magazine in Bombay.[4] Mr. Robertson explained to the Secretary what the telegrams were and there was no further discussion of this issue.

The Secretary told Dr. Subandrio that Indonesia was not going to get West New Guinea by going Communist and that such a development is one thing that will make it certain that Indonesia will not get West New Guinea. Indonesia's best chance to get West New Guinea, he said, is not to go Communist.

Dr. Subandrio said that he was not implying that Indonesia could get West New Guinea by going Communist, but was merely saying that they would like to find some way to deprive the Communists of this issue. Indonesia is anxious to put its relations with the Netherlands on a clear footing and that is what makes the matter so urgent at the present time.

The Secretary commented that clarification of relations between a former colony and the former mother country was never easy. He cited our own experience, referring to our Canadian border problem as a case in point. He said we hope that the day when force is used

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[3]Rioters had broken into the U.S. Embassy in Taipei on May 23.

[4]The purported telegrams, allegedly sent from the Embassy in Djakarta to the Embassy in Taipei in March 1957 and requesting arms and the transfer of units from Formosa to assist the Darul Islam and regional dissidents, had appeared in the September 28 issue of *Blitz*. Telegram 916 from Djakarta, October 9, reported that the Acting Foreign Minister had shown the issue to Allison, who pointed out that they were numbered 473 and 490, whereas the Embassy had sent "probably less than a dozen" messages to Taipei, and "categorically denied that I had sent any such messages or that I agreed with recommendations in the alleged messages." (Department of State, Central Files, 121.93/10–957) Telegram 1255 from Djakarta, November 16, reported that a story based on the alleged telegrams had appeared that day in three left-wing newspapers in Djakarta. (*Ibid.*, 121.93/11–1657) Telegram 1283 from Djakarta, November 20, reported that Djuanda had told Allison that "he did not think any responsible officer in the government placed any credence" in the stories. (*Ibid.*, 121.56D/11–2057) *Blitz* had previously published purported telegrams from the Embassy in Taipei, also allegedly stolen during the May 1957 riot. Telegram 339 from Taipei, October 7, commented that they contained several features establishing them as forgeries, and noted that the Embassy's Top Secret files had not been compromised during the riot. (*Ibid.*, 121.93/10–757)

or threatened in such cases is past and that the divisive issues can be worked out.

The Secretary inquired whether the resolution in referring to a "political dispute" had been so worded to get away from the idea of a "legal dispute". Mr. Walmsley referred to the explanatory memorandum circulated with the draft resolution which makes mention only of a "political dispute" and no reference to a "legal dispute".[5]

Dr. Subandrio stated that he understood the dilemma we are in. The Secretary commented that he should be very happy that a country such as ours, which has such close ties with Australia and the Netherlands, is not voting on their side. Consideration of both sides' cases shows that the arguments are well balanced.

Dr. Subandrio stated that in his opinion something bigger than just West New Guinea is at stake. The Government is afraid of Communist advances in Indonesia, and all parties are now preparing for the battle against PKI. In preparation they wish to remove all issues which are potential irritants. Referring to the Secretary's comment at their last meeting that "fear is the beginning of wisdom", Dr. Subandrio said that some fear is now present and that is why the situation is urgent. The Indonesian desire, he said, is to sit down with the Netherlands and settle their differences.

In parting the Secretary commented on Dr. Subandrio's presentation of the Indonesian case, complimented him on his persuasiveness, and said he had convinced the Secretary that we should not vote against the resolution. Dr. Subandrio in parting said that he wished it were possible for us to use our influence with some of the countries which might oppose the Indonesian resolution. There was no comment on this point.

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[5]Delga 429 (see footnote 2 above) made no reference to an explanatory memorandum, but the text of the draft resolution which it transmitted referred to a "political dispute".

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291. Editorial Note

A letter of November 19 from Ambassador Allison to Assistant Secretary Robertson is described by Allison in *Ambassador From the Prairie* as stating that the Embassy had not been sufficiently informed of United States policy and lacked officers with Indonesian experience and language training. (*Ambassador From the Prairie*, pages 333–334) The letter has not been found in Department of State files. Telegram 1178 to Djakarta, November 29, from Robertson to Allison (cited in

Document 270), stated, "I am shocked by situation related your letter November 19, received today. Now making personal investigation and will advise you further."

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292. Telegram From the Department of State to the Mission at the United Nations[1]

Washington, November 19, 1957—8:52 p.m.

Gadel 86. Re West New Guinea. In informing Dutch Chargé November 16[2] that US position on West New Guinea remains one of "neutrality" Department repeated that as in past in response to inquiries US would make it known as appropriate that its neutrality is not to be taken as implying that it is expected other Dels will follow same policy.

Moreover if you receive indication position any delegations affected by Departmental press officer's statement November 12 that "we hope the two parties can get together and work out their differences",[3] GADel authorized state to delegations involved if asked US position remains one of neutrality and statement not meant to imply any change from existing policy or endorsement of view that issues are such that UN should call for their negotiation where both parties do not agree to negotiations.[4]

Dulles

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[1]Source: Department of State, Central Files, 656.56D13/11–1957. Secret; Priority. Drafted in UNP and approved by Walmsley; cleared with Secretary Dulles in draft and with Elbrick and Robertson. Repeated to The Hague.

[2]The memorandum of conversation between Baron van Voorst and Elbrick by Lancaster, November 16, is not printed. (*Ibid.*, 756C.022/11–1657)

[3]The statement under reference was made at a press conference by Lincoln White, Chief of the News Division.

[4]In the conversation cited in footnote 2 above, Elbrick told van Voorst that White's statement had been made in response to an unexpected question and that "he was authorized to tell the Dutch that they should feel free to come to the US to specify delegations whose position had been affected as a result of the spokesman's statement and that the US Delegation would speak to these other delegations to clarify our position."

293. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, November 20, 1957—7 p.m.

879. Van der Beugel, State Secretary Foreign Office, on being told Ambassador in Friesland until tomorrow, asked that acting DCM come to his office late this afternoon on matter of urgency. He began interview by reading slowly entire text of question and answer on New Guinea issue at Secretary's press conference yesterday.[2] He said that statement that "we do not see a clear case to be made for either side" constituted a sharp and very disturbing change from the previous position of US, which the Netherlands had been led to believe was that we understood and accepted validity of Netherlands position, but for reasons of broad foreign policy were unable to make this known publicly, and therefore were obliged to abstain. The Secretary's statement now casts doubt upon the merits of the Dutch position. Van der Beugel then said that for the Secretary to assert that US action in the UN "depends, of course, to some extent on what the ultimate form of the resolution is" would seem to disregard the Dutch view, made absolutely clear by Luns in Washington, that whatever the form of the resolution it would be objectionable, perhaps the softer in tone, the more objectionable.

Van der Beugel was accompanied by Van Tuyll, Secretary General Foreign Office during interview. They said that what Luns had told Ambassador (Embassy telegram 828[3]) with respect to White

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[1]Source: Department of State, Central Files, 656.56D13/11–2057. Confidential; Priority. Repeated to Djakarta, Canberra, and USUN.

[2]Dulles had been asked at his November 19 press conference for his views concerning the joint Netherlands-Australia statement. He replied as follows:

"Our position on that matter is similar to that which we took last year. That is a position of neutrality. The arguments pro and con are closely balanced. We do not see a clear case to be made for either side sufficient, we think, to enable us to take a positive position on one side or another. So that we will continue, I expect, this year to abstain on the resolution. That depends, of course, to some extent on what the ultimate form of the resolution is. But that's our present disposition: to take the same position we did in previous years." (Department of State *Bulletin*, December 9, 1957, p. 918)

[3]Telegram 828 from The Hague, November 13, reported a conversation with Luns concerning Lincoln White's statement of November 12 (see *supra*). Luns told Young that the statement, because of the reference to differences which could be worked out, represented U.S. support of the Indonesian position and would be so construed. Luns asked Young to transmit to Secretary Dulles "an urgent appeal" to make an immediate statement that "US sympathies in this situation were not with the Indonesians". After further discussion, however, he told Young that a "statement by the Secretary that White's comments were inaccurate or incomplete or unauthorized and that this matter was still under consideration by Department would be helpful if that represented as far as the Secretary could go at this time." (Department of State, Central Files, 656.56D13/11–1357)

statement and its possible impact on UN situation related with far greater force to Secretary's statement yesterday. They recollected that Luns had said that he could not believe that White reflected Secretary's position. They regard Secretary's statement both as it relates to Holland's own vital interests in New Guinea, and as it may influence in unexpected ways voting of other members of UN as presenting implication of utmost seriousness to them.

Van der Beugel said that Dutch Embassy would be approaching Department, and that he wished to have foregoing views communicated from here as soon as possible.

Young

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294. Editorial Note

At a meeting of the National Security Council on November 22, Allen Dulles commented on developments in Indonesia as follows:

"Mr. Dulles indicated that the strength of the Communist Party in Java had increased to a point where the Communists were the strongest party in that island. As a result, the Communists were becoming increasingly bold. Soekarno was about to leave for South America and wished to stop in the United States on his way back home. Meanwhile, dissidence in the outer islands continues. This was yet another problem which required our most careful consideration." (Memorandum of discussion by Gleason, November 25; Eisenhower Library, Whitman File, NSC Records)

Documentation concerning President Sukarno's interest in making an unofficial and informal visit to the United States in connection with an intended trip to Latin America is in Department of State, Central File 756D.11.

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295. Telegram From the Mission at the United Nations to the Department of State[1]

New York, November 23, 1957—noon.

Delga 469. Eyes only for the Secretary. In thinking over your suggestion to me the other day regarding possible resolution on West

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[1]Source: Department of State, Central Files, 656.56D13/11–2357. Confidential; Priority.

New Guinea question, I have concluded that it is inadvisable for following reason: word "differences" is one which Dutch will not accept. They consider that any recognition of "differences" is equivalent to recognition that there is basis for Indonesian claims to territory.

Dutch are bending every effort to defeat 18-power res[2] and, judging from reports from The Hague and informal comments of Australian Delegation here, they are determined to defeat any res on West New Guinea question. They do not think issue is one that admits of compromise.

Lodge

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[2]The draft resolution was submitted on November 19 by Afghanistan, Bolivia, Burma, Ceylon, Egypt, Ethiopia, India, Indonesia, Iraq, Jordan, Lebanon, Libya, Morocco, Nepal, Saudi Arabia, Sudan, Syria, Tunisia, and Yemen. It invited both parties to the West Irian dispute to find a solution and requested the Secretary-General to assist the parties. For text, see U.N. doc. A/C.1/L.193.

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296. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 25, 1957—1 p.m.

1322. Department telegram 1122.[2] Sukarno saw me for half hour early this morning prior opening National Reconstruction Conference to discuss his hoped for informal visit to US. I gave him substance reference telegram and he recognized tentative nature of agreement to see him in Washington and fact that if he went there it would have to be officially. He claimed his principal desire was to go shopping, see show or two and in general relax from official chores of visits to other countries.

I then spoke most frankly to Sukarno about the embarrassment to US Government if there were untoward developments in Dutch-Indonesian relations prior his visit and I pled with him to exercise his powers of leadership to divert Indonesian emotion over West Irian

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[1]Source: Department of State, Central Files, 756D.11/11–2557. Confidential. Repeated to The Hague and Canberra.

[2]Telegram 1122 to Djakarta, November 21, instructed Allison to make clear that President Eisenhower's official duties might preclude a visit by Sukarno to Washington and that "untoward developments Dutch-Indonesian relations prior his visit would severely embarrass U.S." It further stated, for Allison's information: "Decision on Washington visit will depend on developments in Indonesia during intervening period." (*Ibid.*, 756D.11/11–2157)

question into constructive channels. I particularly stressed necessity of avoiding violence. He said if Indonesian national desires not recognized in any manner by either UN or Dutch, the government would have to take some action. However, he said this would take form of "moral violence perhaps economic violence but not physical violence." He did not expand other than to refer to resolution approved at mass meeting, November 18 (Embassy telegram 1272 to Department repeated The Hague 29, Canberra 21[3]). I stated that any economic steps taken against Dutch could do as much damage to Indonesia as to Dutch and he nodded agreement but implied this would be no final deterrent.

Sukarno asked what American attitude would be at UN and I told him Secretary had publicly announced we would abstain and maintain position of neutrality. Sukarno shook his head sadly and said, more in sorrow than anger: "that means America has definitely renounced leadership of anti-imperialist and anti-colonial forces." I denied this and said that American people and government had amply demonstrated their anti-imperialist and anti-colonial stand but that this was question on which we had differences of opinion. I pointed out that many people in America and elsewhere charged that to vote for Indonesian case would merely be substituting one colonialism for another to which he replied that this was arguable but there was no argument that Dutch were colonial power. Others claimed, I continued, that if Indonesian desires re West Irian granted, next demand will be for British North Borneo and Portuguese Timor. President exclaimed: "Nonsense! We only want what is ours. Our relations with Portuguese most friendly—when I was in Indonesian Timor other day I had good talks with Portuguese officials from their territory and we are cooperating with them." I said that Secretary had told press that arguments on both sides of case were strong and that being friends of both Netherlands and Indonesia we must remain neutral. I added that this stand had not been any more pleasing to the Dutch than it apparently was to him. "But," he replied, "our resolution is such a mild one. It does not require you to take anti-Dutch action, only to approve of talks. If it were a stronger resolution, which many of our people wanted, it would be easier to explain to Indonesian people why America abstains, but now it will be impossible." He added, "will I now really be able to relax in New York?"

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[3]Telegram 1272 from Djakarta, November 19, reported on a mass rally held in Djakarta on November 18 as the high point of the current West Irian campaign. A resolution acclaimed at the rally urged that if the U.N. results were unsatisfactory, the government should take various measures, including nationalization of Dutch-owned vital enterprises, restrictions on Dutch nationals, and establishment of a West Irian Liberation Fund. (*Ibid.*, 656.56D13/11–1957)

At that point we were interrupted by President's aide who said it was time to go to National Conference. As I left, President in most serious vein pled for American understanding and sympathy. I have seldom seen him in a more solemn and depressed mood than this morning. Although my last words to him were a plea for patience and against violent action, I am not at all certain that he really heard. His last words were, "only America can really help—don't throw away the ball to the Russians".

Allison

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297. Telegram From the Department of State to the Mission at the United Nations[1]

Washington, November 25, 1957—5:36 p.m.

Gadel 89. For Wadsworth and Barco. Re West New Guinea. Department concerned over potentially grave repercussions of outcome present consideration New Guinea item, whether 19-power resolution adopted or defeated by failure to receive required two-thirds majority. Request you approach SYG soonest in order ascertain whether he might be willing, exclusively on own initiative, to seek to work out with Dutch and Indonesians compromise formula. We assume he might be willing raise matter with them since present resolution gives him role on item.

Following is draft resolution which might prove acceptable to both Dutch and Indonesians:

"The General Assembly

Having discussed the item on its agenda entitled 'The Question of West Irian (West New Guinea),'

Recalling its resolution 915 (X) of December 16, 1955,

Noting that certain problems have arisen that might affect the maintenance of friendly relations between Indonesia and the Netherlands,

Expresses its hope that friendly relations between Indonesia and the Netherlands will be maintained and strengthened, and that they will take all appropriate steps to this end."

Alternatively operative paragraph might read:

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[1]Source: Department of State, Central Files, 656.56D13/11–2557. Secret; Niact; Limit Distribution. Drafted in UNP; approved by Walmsley; and cleared by the Secretary in substance, by Robertson (initialed for him by Mein), and by Deputy Assistant Secretary of State for European Affairs John Wesley Jones.

"*Expresses* the hope that these Governments will pursue their endeavors to find a peaceful solution to all these problems."

You should make clear that it is imperative for present that US in no way be associated with contemplated initiative, although we would be prepared consider supporting SYG in his efforts to bring parties together at appropriate time if his preliminary soundings with them seemed to offer hope for satisfactory result. We would also assume that if SYG willing undertake this task, he may wish to bring in other states such as Norway, which could influence Dutch, as well as some Asian state that might be useful with Indonesians. Munro[2] might be useful with Australians.

Department believes essential explore formula along above lines before Committee vote, thus forestalling any vote on 19-power text. In our judgment once Committee vote takes place possibility of arranging suitable compromise less likely.[3]

Dulles

[2]Sir Leslie Knox Munro of New Zealand, President of the General Assembly.

[3]The initiative set forth in Gadel 89 was proposed to Secretary Dulles by Assistant Secretary Wilcox in two telephone conversations on November 24. According to notes of the conversations, Dulles commented that "we had said we were going to be neutral and now we are jumping into the middle", and "it would be better if the initiative could come from the Sec-Gen," but after some discussion, he said he would talk to Lodge when the latter was in Washington the next day. (Memorandum by Carolyn J. Proctor, November 24; Eisenhower Library, Dulles Papers, General Telephone Conversations) He discussed the proposal briefly with Lodge in a telephone conversation the following morning; the notes of the conversation read as follows:

"The Sec said they have been talking re a compromise resolution on Indonesia. The Sec does not think we should rush into it. L agreed and mentioned a letter [not identified] which the Sec thinks he saw. The Sec said if they get into an awful jam we might then. L agreed. L will talk with them here when he comes in for lunch at 1 with the Asst Secs. The Sec said Jones (EUR) and Robertson were in on it yesterday. L said the word 'differences' is completely unacceptable to the Dutch." (Memorandum by Phyllis D. Bernau, November 25; *ibid.*)

298. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, November 25, 1957—7:32 p.m.

1142. Embtel 942.[2] Final decision on possible military assistance postponed pending further developments political situation Indone-

[1]Source: Department of State, Central Files, 756D.56/10–1157. Secret. Drafted in SPA, approved in FE, and cleared with EUR and OSD. Repeated to The Hague.

[2]Document 275.

sia.[3] Among important factors to be considered in reaching final decision will be form implementation Sukarno–Hatta declaration, results seven-man committee on army question, accomplishments Economic Development Conference and Indonesian actions following UNGA consideration West New Guinea issue. Recent statements by Sukarno and others have not been reassuring and serve only make advisability extension military assistance questionable. We are concerned not only over Sukarno's statements regarding West New Guinea but also his attitude toward U.S. as evidenced statement reported . . . to have been made by him in series lectures to army officers Military Academy Bandung.

You requested inform Djuanda and through Service Attachés Nasution and armed services that Indonesian request for military assistance under consideration at same time pointing out to them that recent events in Indonesia and statements including Sukarno's reported statements in Bandung do not facilitate decision. You will of course be advised when final determination made.

Dulles

[3]The question of military assistance to Indonesia was considered at a meeting on November 21 between Under Secretary Herter, Mansfield D. Sprague, Allen Dulles, and other State, Defense, and CIA representatives. It was agreed to postpone a decision on the matter pending further developments in Indonesia, in accordance with a recommendation by Herter. (Memorandum by Mein, November 21; Department of State, Central Files, 756D.5–MSP/11–2157)

299. Telegram From the Mission at the United Nations to the Department of State[1]

New York, November 25, 1957—9 p.m.

Delga 472. Re West New Guinea (Gadel 89[2]). Pursuant to Dept instruction USGADel discussed this afternoon[3] with SYG possibility SYG sounding out parties to New Guinea dispute to see whether

[1]Source: Department of State, Central Files, 656.56D13/11–2557. Secret; Priority; Limit Distribution.

[2]Document 297.

[3]Walmsley telephoned Barco at 5:45 p.m. on November 25 to give him the instructions in Gadel 89. Barco told Walmsley that he, Wadsworth, and William I. Cargo, Deputy Director of the Office of United Nations Political and Security Affairs and a member of the Delegation to the General Assembly, had talked to Secretary-General Hammarskjöld who was unwilling to take the proposed initiative. (Memorandum of telephone conversation by Walmsley, November 25; Department of State, Central Files, 756C.00/11–2557)

agreed res could be worked out along lines text furnished by Dept. After examining text of draft res, SYG indicated he believed "would be waste of time" for him undertake effort. He felt sure Indonesians would turn down suggestion, adding that they "smelled blood". They sought resounding vote on 19-power res; he thought they would get good vote, whether or not they obtain two-thirds. He felt suggested res probably acceptable to Dutch, implying this would make it more unacceptable to Indonesians.

Lodge

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300. Message From the Ambassador in Indonesia (Allison) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Djakarta, November 27, 1957.

1. In my opinion we have reached a point in our relations with Indonesia where we must decide to go definitely one way or the other. In my messages . . . I have advocated a course of action which, for want of a better term I call "conventional", and which stresses that we should only work with the legitimate Govt of Indonesia and attempt by persuasion and the adoption of policies which greatly appeal to that govt, i.e. support of their desire to negotiate on West Irian, to so influence the govt that it will act in general accord with our overall objectives. This policy assumes also that Sukarno is not past redemption. It is now apparent, particularly since receipt of State . . . 1142[2] re the Indonesian request for military equipment that Wash agencies are reluctant to accept this policy. However, as yet Washington has not fully adopted the opposite course which assumes Sukarno is the principal (tho not sole) obstacle in our way and therefore steps should be taken to isolate or get rid of him. We are, it seems to me, engaged in following a mid-way course between the two extremes. I still believe the first course which I have up to the present advocated is best and would work if wholeheartedly carried out, but I also believe there is at least greater than a fifty–fifty chance that the opposite course would work if well thought out and definitely decided upon. I am certain the middle course will fail.

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[1]Source: Department of State, Central Files, 756D.00/11–2757. Top Secret.
[2]Document 298.

301. Memorandum of a Conversation, Department of State, Washington, November 27, 1957[1]

SUBJECT

Dutch-Indonesian Relations

PARTICIPANTS

Dr. Joseph Luns, Foreign Minister of the Netherlands
Dr. Herman van Roijen, Ambassador of the Netherlands
The Secretary
EUR—Mr. Jones
IO—Mr. Walmsley
WE—Mr. Cameron

The Foreign Minister reviewed the First Committee vote (42 in favor, 28 against, 11 abstaining) on the West New Guinea resolution which had taken place on November 26.[2] He said that he was very gratified by this outcome and commented that the United Kingdom and France had worked actively with his Government to achieve this result. The Foreign Minister said that he had discussed with Sir Leslie Munro the desirability of having an early vote in the Plenary on this question and that Sir Leslie had scheduled the vote for Friday[3] afternoon.

After reviewing the history of Dutch-Indonesian relations since 1948, the Foreign Minister said that in his opinion UN action on the New Guinea Resolution would have in fact very little influence on Indonesian policy toward the Dutch. He explained that as late as last summer Sukarno had decided to proceed actively against the Dutch. Therefore, The Hague had already anticipated current Indonesian threats to nationalize Dutch property in Indonesia and to break off economic relations with the Dutch if the West New Guinea resolutions failed to obtain the necessary ⅔ majority. Sukarno appeared determined to take these steps although they would result in greater injury to Indonesia than to the Netherlands. The Minister said that the Netherlands at present derived about 3.1 percent of its national income (20 percent before the war) from its economic relations with Indonesia. Dutch investments in Indonesia amounted to approximately 5 billion guilders. In contrast to this, approximately 50 percent of the Indonesian budget was derived from Dutch economic interests in the islands. The Foreign Minister told the Secretary that the Netherlands had one means of retaliating if Indonesia broke off economic relations with the Netherlands and nationalized Dutch in-

[1]Source: Department of State, Central Files, 656.56D/11–2757. Confidential. Drafted by Cameron, Officer in Charge of Swiss-Benelux Affairs.

[2]The United States abstained.

[3]November 29.

vestments in Indonesia. He referred to the intercoastal shipping system which was Dutch owned. He said that there would undoubtedly be strong pressure to withdraw this service from Indonesia. If it was withdrawn it would have very serious economic effects on Indonesia and would undoubtedly contribute to a further breaking up of Indonesia. He regretted very much the possibility that Indonesia would take these actions which would have such serious consequences for Indonesia itself. He believed that a stern warning from the United States concerning the consequences of these acts would be the only way to prevent their being taken. He informed the Secretary that his Government had requested the British to take over the protection of Dutch interests in Indonesia if the Indonesians went further and broke off political relations with the Dutch.

The Foreign Minister said that he had taken advantage of his current visit to the UN to explore the attitudes of the other Asian countries towards the West New Guinea problem. With the exception of the representative from Ceylon he had found them all to be quite reasonable. Many told him privately that they did not think that Indonesia had a good case. However, they had added that because of the importance of maintaining Asian solidity they would vote for the resolution on West New Guinea. The representative of Nepal, for example, had said that the justification for Indonesia's claim to New Guinea gave him great concern because it was the same justification which Red China might use to take over his own country. The Foreign Minister also said that recently the Dutch had noted a real improvement in their relations with all Asian countries except Indonesia. He commented that this might be the oriental way of balancing off support for what they generally considered an unjustified Indonesian position.

He rejected the allegation that the Netherlands was anti-Indonesian. Quite to the contrary his Government fully recognized that it was in the Dutch interest and in the interest of the Free World for Indonesia to be politically and economically viable. He had been convinced for some time, however, that Sukarno's actions and policies made this impossible. He took a very pessimistic view of the increasingly pro-Communist direction of Sukarno and his associates. There were prominent Indonesians, among whom he included Hatta and Subandrio, who were opposed to the way things were going in Indonesia but who were unable to do anything about it as long as Sukarno remained in power.

As for the future of West New Guinea, he said that the Dutch Government stood by its position which he himself had repeated only yesterday in the First Committee that it was willing to have the legal question of the sovereignty of West New Guinea referred to the International Court of Justice. Indonesia was opposed to this since it

knew that it would lose the decision. He referred to the joint Dutch-Australian declaration on the future of New Guinea and said that both Governments were very serious in their determination to take concrete steps which would contribute to the development of the island to the point where the population could exercise its right of determination. He referred to recent conversations which the Dutch Minister for Overseas Territories had had with the Australians and said that further planning would go forward rapidly at the technical level. Both countries he added were thinking in terms of decades not in terms of generations. The failure of the current resolution on West New Guinea to pass the Plenary would lend an added impetus to these joint Dutch-Australian efforts. He said that he had discussed Dutch-Australian determination to proceed along these lines with Secretary General Hammarskjold who had commented to him that the Indonesian claim for New Guinea was the "most hollow case" ever presented to the United Nations.

At this point he mentioned to the Secretary the United States request for return of 15 million guilders worth of U.S. Lend-Lease silver which the Netherlands had advanced to Indonesia for currency support purposes. He said that the Dutch Government found such a request very difficult in the midst of Indonesia's consistent failure to live up to its obligations to the Dutch Government. Indonesia had refused to return the silver to the Netherlands. He asked whether the United States could get Indonesia to honor this debt to the Netherlands.

The Secretary said that he was not familiar with the details of this question. However, he understood that there were legal requirements which had resulted in the US request to the Dutch Government for the return of the silver.

The Secretary then commented that the problem was to determine what would be the most effective program for stopping a Communist take-over in Indonesia. He said that we had been considering a number of alternatives but that we had not yet made up our mind with respect to the program which should be adopted. . . .

He referred to the Foreign Minister's statement that a stern warning from the United States was necessary at this time and asked what the Foreign Minister had in mind. Mr. Luns said that in his judgment the Indonesians had come to believe that they could continue to count on American economic assistance regardless of what actions they might take. He suggested that the Indonesians should be made aware of the possible consequences of further and even more drastic action. The Secretary said that it was his impression that our program of economic assistance to Indonesia was a modest one. He added that as a matter of principle the United States did not attach political strings to its economic assistance. He commented that in the

past there had been many suggestions that such strings be attached but that in each case we had decided against abandoning our principle. He told the Foreign Minister that we would seriously consider what he had said and see if we could come up with something that could be appropriately done because we too were concerned about the direction which Sukarno and his Communist-infiltrated Government had taken in Indonesia.

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302. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, November 28, 1957—1 p.m.

1354. Department pass Secretaries Army, Navy, Air. Reference: Department's 1142.[2] All three Service Attachés on their own initiative came to me in a body yesterday to request me urgently to recommend to Washington reconsideration of point of view expressed in reference telegram. Following points in numbered paragraphs were made by the Attachés without discussion with myself or other Embassy officers. I concur fully with them although with reference to their point 5 on West Irian I am afraid we have been overtaken by events.

1. If nothing is done about furnishing military equipment, Attachés believe PKI will be the winner and probability of their eventual takeover Java and central government will be increased. However, Attachés believe public statement (after coordination with Indonesian Government) that equipment is forthcoming would have nearly as good effect as actual beginning of delivery. It would have major favorable impact on present political situation and Sukarno, who is reported to have told Nasution that "Americans are just playing with us, we will get nothing." Also furnishing military equipment will logistically tie Indonesian armed forces to United States.

2. Attachés believe facts given in Department's 1142 are not major considerations which would outweigh above factors. In this connection Army Attaché has just learned that, as indication of how military equipment might be distributed, every army unit, including those of dissidents such as Hussein and Sumual, have received their equal share of Soviet jeeps. Assistant Army Attaché who has recently returned from travel in East Indonesia area reports that in Moluccas

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[1]Source: Department of State, Central Files, 756D.56/11–2857. Secret.
[2]Document 298.

command there are only total of 2500 troops in that area and he was assured by local army commanders that no preparations of any sort had been made for any military action against West Irian.

3. Pro-western officers in armed forces who are in definite majority need strong moral support at this time. Announcement of forthcoming equipment even though actual deliveries were far in future would be big help.

4. Attachés believe calculated risk of sending equipment is small since delivery may be stopped at any time. If we don't send equipment it will be obtained from bloc countries.

5. Service Attachés expressed strong approval of Embassy position on West Irian as set forth in Embtel 1336.[3] In addition they would like to reemphasize relative strategic importance of Indonesia and Netherlands in future war plans with reference to such items as population, geographical situation and potential wealth.

For time being we are refraining from carrying out instructions in last paragraph Department's 1142 as both Djuanda and Nasution are fully occupied with national reconstruction conference. We will, of course, proceed to do as instructed at appropriate time next week unless Washington agencies wish to reconsider in view above considerations.

Allison

[3]Telegram 1336 from Djakarta, November 26, urged reconsideration of U.S. policy on the West Irian issue. It urged the United States "to support discussions, under UN auspices, between Indonesians and Dutch on Irian issue." It also passed along an unofficial suggestion by a British Embassy officer for a U.N. resolution calling on the Dutch and Indonesians to negotiate their mutual outstanding problems. The Embassy commented, however, that "it may be increasingly difficult retain mild vein of present Indonesian resolution and favorable attitude now foreseen toward this or similar substitute." In conclusion, the telegram stated that this change of policy "would have possibility of re-establishing our waning influence as positive force in interest of all free world, certainly including Dutch and Australians. To maintain our present neutrality is, as we see it, merely to sit back helplessly and await the fateful explosion, an attitude which we believe is neither necessary nor wise for our best interests and those of all of our friends as well." (Department of State, Central Files, 656.56D13/11–2657)

303. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, November 30, 1957—7:04 p.m.

972. Following background of West New Guinea action in UN may be helpful. In view our concern over possible grave repercussions UNGA action on 19-power resolution whether adopted or defeated, UNGADel instructed Nov. 25 propose to SYG that he consider approach to Dutch and Indonesians to see if compromise resolution could be worked out. SYG after examining suggested text such resolution indicated he thought approach "waste of time", said he thought Indonesians would turn down proposal but that it probably acceptable to Dutch. Following vote 19-power resolution first comite, Mexico, Peru, Uruguay began efforts find compromise solution. USGADel November 27 requested authorization make further efforts before plenary find resolution acceptable both sides, recommend in light of first comite vote that Dutch be approached first.[2] Subandrio Nov. 28 in conversation with Lodge on statement he intended make in plenary if motion failed gave impression he would welcome pretext avoid drastic line and stated he would work for postponement if any effort with Dutch looked promising.[3] Following Department authorization, Wadsworth, Tyler, Cargo called on Dutch rep Schurmann. Schurmann said matter had been fully considered, that Dutch certain that compromise efforts unwise, emphasized that objections applied to any resolution however phrased. He said Netherlands had known for six months Sukarno planned expropriate Dutch property whatever result UNGA vote, that West New Guinea issue peripheral and would not affect Indonesian decision. Dutch knew that passage any resolution would be represented by PKI as Communist victory, and that failure might strengthen moderate Moslem elements. Schurmann reiterated New Guinea peripheral, stated major issue was Sukarno's anti-West policy which Dutch felt becoming more pronounced, said Subandrio unable take more moderate position even if

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[1]Source: Department of State, Central Files, 656.56D13/11–3057. Secret; Limit Distribution. Drafted in SPA, approved in FE, and cleared in EUR and IO. Repeated to Canberra and Djakarta.

[2]The request and the recommendation were made in Delga 482 from New York, November 27. (*Ibid.*, 656.56D13/11–2757)

[3]Delga 487 from New York, November 28, for Wilcox from Lodge, described the conversation. Subandrio stated that if the resolution on New Guinea failed he was planning to announce "the beginning of the end of Indonesian-Netherlands relations." Lodge noted, however, that Subandrio gave him the impression "that he would be glad to have some pretext for not taking drastic line which he otherwise will take and stated that he would work for postponement if any efforts with Dutch looked promising." (*Ibid.*, 656.56D13/11–1857)

he wished to.[4] 19-power resolution failed obtain two-thirds in voting afternoon Nov. 29 (41–29–11).[5]

Dulles

[4]The conversation was reported in Delga 494, November 28. (*Ibid.*, 656.56D13/11–2857)

[5]The United States abstained.

304. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, December 1, 1957—1:13 p.m.

1186. Your 1379.[2] You are authorized convey to President Sukarno President Eisenhower's personal satisfaction[3] on safety Sukarno and family and through him condolences to families victims assassination attempt. Inform Department priority when message delivered.[4]

Dulles

[1]Source: Department of State, Central Files, 756D.11/12–157. Confidential; Niact. Drafted and approved in SPA; cleared by Goodpaster, in substance by Robertson, and with S/S. Cleared orally by Secretary Dulles, although the source text does not so indicate. Notes prepared by Carolyn J. Proctor of a telephone call to Goodpaster at 12:55 p.m., read as follows:

"Sec asked him to read to him the proposed message to Sukarno. Sec suggested 'satisfaction' might be a happier choice of word than 'congratulations'. Sec said all right, let it go." (Memorandum by Proctor, marked "(one sided)", of telephone call to Goodpaster, December 1; Eisenhower Library, Dulles Papers, White House Telephone Conversations)

Telegram 1378 from Djakarta, December 1, reported that Sukarno and members of his family had escaped uninjured the previous evening from an assassination attempt made by unidentified persons throwing grenades but that seven fatalities and numerous injuries had been reported. (Department of State, Central Files, 756D.11/12–157)

[2]Telegram 1379 from Djakarta, December 1, requested that a message be sent from Eisenhower to Sukarno, either directly or through Allison, congratulating Sukarno on his safe escape and sending condolences on the decease of the victims of the assassination attempt. (*Ibid.*)

[3]In the source text, the word "satisfaction" was substituted for the word "congratulations".

[4]Telegram 1382 from Djakarta, December 2, reported that Allison had been unable to see Sukarno personally but had delivered to the Director of the President's Cabinet a letter from himself to Sukarno giving the substance of the message, but changing "and family" to "and children" to conform to the facts as he knew them. (Department of State, Central Files, 756D.11/12–257)

305. Telegram From the Embassy in Indonesia to the Department of State[1]

Washington, December 3, 1957—10 a.m.

1393. Steeves[2] and I called on Djuanda 7:30 this morning and had most discouraging session I have ever experienced with this usually hopeful man. From Prime Minister's statements it is obvious that assassination attempt on Sukarno has only harmed the cause of those who were hoping and working for more middle of the road government which would be able to hold loyalty of the dissident elements in the regions and the non-Communist forces generally.

Djuanda confirmed press reports that participants in the plot had been caught and had confessed and without revealing names or details made it clear that they represented extreme Moslem groups, young Sundanese officers and others allied in one way or another with the regional dissidents. He confessed to not having taken seriously enough warnings he had received of the extreme action these groups would take. "I just didn't believe Indonesians would act that way," he said with almost a note of despair. The result will be a stiffer stand against the opposition groups in Java and the regions.

As a first step in this direction Djuanda revealed that all preparations, including text of government announcement, was ready for issuance tonight granting amnesty to officers already arrested, but that this was now to be indefinitely postponed. This decision had been taken yesterday afternoon, on Djuanda's recommendation, by the committee of seven, and it had the full approval of Doctor Hatta.

One of most depressing aspects of "The Tjikini Affair", as it is now being called,[3] is probability that its repercussions will make it more difficult, if not impossible, for Hatta to continue his strong stand against Sukarno's policies and actions. In the name of patriotism and as a good Indonesian, Hatta may very well find himself deprived of much of his former leverage. Our talk with Djuanda has caused both Steeves and me to consider that first possibility discussed by Doctor Roem yesterday (Embtel 1389[4]), namely that Su-

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[1]Source: Department of State, Central Files, 756D.11/12–357. Secret; Priority.

[2]John M. Steeves, Political Adviser to the Commander in Chief, Pacific, who was visiting Indonesia.

[3]The assassination attempt had taken place in the Tjikini area of Djakarta.

[4]Telegram 1389 from Djakarta, December 2, reported a conversation between Allison and Steeves and Masjumi leader Mohammad Roem. The latter commented that Sukarno might react to the assassination attempt in two possible ways: (1) he might retaliate against the political forces out of sympathy with his present policy, which, Roem said, "would bring terrible trouble to Indonesia," or (2) the incident might "bring him to his senses to realize how far the country had deteriorated" and lead him to try to unite the country by bringing Hatta into the government and repudiating the Communists. (Department of State, Central Files, 756D.11/12–257)

karno would retaliate against political forces out of sympathy with his present policy, is a real likelihood. The possibility of the grave results of such action as forecast by Roem cannot be ignored.

What America should do is the question. For the time being and until we have more definite indication of the trend of events, I strongly urge that, at least publicly, we keep very quiet about what is happening here. Privately we can and should counsel caution both by Embassy in Djakarta and by Department to Indonesian Embassy in Washington, but I certain any public statements would only be counter productive.[5]

Allison

[5]Telegram 1214 to Djakarta, December 4, stated: "Concur that at appropriate opportunity both Djakarta Washington we should privately counsel caution and moderation as in long range Indonesian best interest." (*Ibid.*, 756D.11/12–357)

306. Editorial Note

At a meeting of the National Security Council on December 5, Allen Dulles commented on developments in Indonesia as follows:

"Thereafter, Mr. Allen Dulles described the development of the Indonesian campaign against the Dutch on the island of Java. He predicted that a break in diplomatic relations between the Netherlands and Indonesia was more than a possibility. The Communists had been very quick to exploit the tension, and had been taking over large Dutch enterprises without authority from the government. It was by no means certain that the government could hold the Communists in the trade unions within bounds.

"The President inquired whether this violent anti-Dutch campaign was being carried out only by the government at Djakarta, or whether the dissidents in the outer islands were also joining in the campaign. Mr. Dulles replied that the answer was not clear, but that in any event manifestations against the Dutch in the outer islands were not likely to be so violent as in Java, because the Communists were fewer in number on the outer islands.

"Mr. Dulles went on to state that the situation had been made much worse by the recent attempt to assassinate President Sukarno. We still do not know who was back of the assassination attempt. It could have been engineered either by the Communists or by fanatic Moslem extremists. Secretary Dulles stated that he had been told that the report that the assassination had been attempted by the Communists was highly reliable. Mr. Allen Dulles said that he did not believe we could reply as yet on the validity of this version of the assassination attempt." (Memorandum of discussion by Gleason, December 6; Eisenhower Library, Whitman File, NSC Records)

307. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 5, 1957—noon.

1427. Joint Embassy/USIS message. Vicious "smear" campaign against Chief of Mission and American Embassy, now 10 days old in left-wing press, gives signs of abating only as more sensational events crowd story off front page. Groundless accusations of subversion stemming from old *Blitz* articles now compounded with stories smuggled arms Sumatra, Sulawesi. All believe here, as does GOI, that refutations would prolong polemics, revive issue which apparently headed for discard as speculation Sukarno assassination attempt preempts headlines and public discussion. Unfortunate fact is that these stories tend become bound up with speculation concerning causes anti-Sukarno plot, and apparently some part of public not unwilling believe US behind murder attempt. *Harian Rakjat* encourages this belief. Believe President Eisenhower congratulatory message to Sukarno, which received good news play, even in Communist press, helped considerably allay this suspicion many quarters, but current US public relations position, already reeling from Little Rock, Sputnik and Muttnik, not particularly enviable. Sukarno reportedly told family Sunday[2] evening does not wish to have US involved in speculations origins assassination attempt, as feels it most unwise "insult US" and make another powerful enemy at moment of all out campaign against Netherlands here. Accordingly, public position Embassy, US in general, may not worsen much more, but this is cold comfort at moment.

Allison

[1]Source: Department of State, Central Files, 121.56D/12–557. Limited Official Use.

[2]December 1.

308. Telegram From the Department of State to the Embassy in the Netherlands[1]

Washington, December 5, 1957—6:20 p.m.

1004. Reference: re Embtel 993.[2] Following based uncleared Memo Conversation Dutch Ambassador and Under Secretary December 4.[3]

Ambassador said he was under instructions to make urgently "serious and solemn appeal" to US to make representations to Indonesia in effort bring that Government "to its senses." Van Roijen was told that our Ambassador at Djakarta had made representations prior General Assembly vote and had been instructed subsequent to vote to make further representations to Indonesian Government.[4] Van Roijen said Dutch Government would be most grateful for these approaches but that his Government would hope that US would make further representations to Indonesia. Van Roijen agreed with Under Secretary that there should be no publicity regarding Dutch request or US representations.

. . . . . .

Dutch Ambassador reviewed situation with Under Secretary who told him this government actively following developments Indonesia.

Dulles

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[1]Source: Department of State, Central Files, 656.56D/12–457. Confidential; Priority. Drafted in WE, approved in EUR, and cleared in SPA. Repeated to Djakarta, Canberra, and New Delhi.

[2]Telegram 993 from The Hague, December 4, stated that the Netherlands Foreign Office had informed the Embassy that Ambassador van Roijen had been instructed to request U.S. intervention with Indonesia. (*Ibid.*)

[3]Drafted by Richard M. Service, Deputy Director of the Office of Western European Affairs, not printed. (*Ibid.*, 756D.00/12–457)

[4]Reference is apparently to telegram 1214 to Djakarta; see footnote 5, Document 305.

309. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, December 5, 1957—7:05 p.m.

1226. For Ambassador only from Cumming. We have irrefutable evidence that despite official statements to contrary responsible Indo authorities including highest military authority have ordered subordinate commands throughout Republic to assist West Irian Liberation Committee in taking over Dutch firms and facilities.

Foregoing highly sensitive info is for your guidance only and should not be used operationally in any way.

Dulles

[1]Source: Department of State, Central Files, 756D.00/12–557. Top Secret; Priority. Drafted and approved by Cumming and cleared by Howard P. Jones.

310. Notes of the Secretary's Staff Meeting, Department of State, Washington, December 6, 1957, 9:15 a.m.[1]

Intelligence Briefing

1. Mr. Cumming gave the intelligence briefing.[2]

Indonesia

2. In connection with the report that Dutch ships of KPM were being taken over by the Indonesians, it was reported that Japan had been requested by the Indonesians to assist them in their maritime needs. The Secretary commented that Mr. Allen Dulles had not fully agreed at the NSC yesterday regarding the Communist origin of the plot to assassinate Sukarno. . . . The Secretary concluded that the evidence on the point did not appear to be as firm as Djakarta had reported.

Regarding Mr. Jones' report that the Indonesian Cabinet was discussing the take-over of management of Dutch businesses rather

[1]Source: Department of State, Secretary's Staff Meetings: Lot 63 D 75. Secret. Prepared in the Department of State, but the source text, marked "(Informal Notes—Not Approved)", does not indicate a drafter.

[2]A memorandum, dated December 6, from an unidentified staff member to R. Gordon Arneson, Deputy Director of Intelligence and Research; William McAfee, Assistant to the Director of Intelligence and Research; and Jay P. Moffat of that bureau, is attached to the source text. It lists the documents on which the briefing was based and indicates that it was largely concerned with Indonesia.

than full confiscation, the Secretary inquired as to economic pressures that might be brought to bear by us. Mr. Jones reported that a proposed Export-Import Bank credit was being held up. Mr. Dillon reported that the Department had had a request for advice in connection with the Lockheed commitment to supply planes to Indonesia for delivery in 1960. The Secretary requested:

(1) that possible economic pressures on the Indonesians be examined;

Action: FE and W

(2) the Dutch be advised of the correct figures regarding US aid to Indonesia, as a follow-up to the Secretary's talk with Luns.[3]

Action: EUR

[Here follows discussion of unrelated matters.]

[3]On November 27; see Document 301. A memorandum of December 3 from Robert G. Barnes to Dulles, prepared at the latter's request, summarized the various grants and credits extended to Indonesia since 1945 totaling approximately $460 million. It stated that the proposed grant program for fiscal year 1958 totaled $10 million. (Department of State, Central Files, 811.0056D/12–357) In a memorandum of December 5 to Elbrick, Dulles suggested "that the Dutch should be put straight in this matter as they feel that we have a leverage which, in fact, we do not have." (*Ibid.*, 811.0056D/12–557)

311. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 6, 1957—3 p.m.

1458. Department passed CINCPAC for POLAD. Manila for MLG. During 40 minute talk this morning with Foreign Ministry Secretary General Suwito I expressed my concern at Indonesian Government's actions against Dutch enterprises here and pointed out that members of American community were getting worried about their safety. I showed Suwito memo to me from naval attaché reporting stopping and searching of official attaché car (with DC plate) and members his staff at entrance to airport. I also told Suwito about throwing of rocks by Indonesians at American school children recently and pointed out that although no one had yet been hurt, I considered the situation serious and wanted the government to know

[1]Source: Department of State, Central Files, 856D.19/12–657. Secret. Repeated to The Hague, Canberra, Singapore, and Manila.

about it. Suwito was obviously surprised and concerned and he pointed out that such actions were completely contrary to all government wishes. He referred to radio broadcasts last night by Information Minister, head of West Irian Liberation Committee, and Army Chief of Staff Nasution, calling on all Indonesians to act only in approved manner and emphasizing that no violent action should be directed against individuals, Dutch or otherwise. Suwito said that police and soldiers could not be everywhere at once but he claimed government was seriously disturbed at excesses which have taken place and was doing everything in its power to curb them. I pointed out that as result of many inflammatory speeches by government leaders, including President, it was easy to understand action of laborers and other less educated groups, and I expressed hope that Minister of Information's broadcast would be followed up and given backing by highest quarters.

Suwito then went on to explain background of Cabinet decision announced this morning (Embtel 1445 to Department, 57 The Hague, 35 Canberra, 160 Manila[2]) on takeover by military of KPM and other Dutch enterprises. He said he had been invited to represent Foreign Ministry ideas at Cabinet meeting yesterday which lasted all day. He said government was between two fires—the workers on the one hand who had taken over KPM and other business, and on other hand responsibility, which government recognized, of maintaining safety of individuals and property. Suwito explained that government action was not "confiscation" as this would be against international law. It was also not nationalization as Indonesian Government had no money with which to make compensation. What had been done was to place the Dutch companies under what might be called

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[2]Telegram 1445 from Djakarta, December 6, transmitted a translation of an Indonesian Government statement announcing decisions made by the Cabinet the previous day. It reads in part as follows:

"With regard to Dutch enterprises which have been taken over by workers in past few days, Cabinet decided to put them under government control and to assign their management to management board; in that way business goes on under government control.

"In order to ensure normal course of passenger and freight traffic under current state of war and siege, by decision of Military Administrator/Minister of Defense KPM is taken over by government and its daily management assigned to a KPM Administering Board.

"Likewise will be set up administering body to deal with matters necessary for safeguarding maintenance of best possible transportation service in Indonesian waters and 'appropriation' will be effected by Ministry of Shipping of Dutch-owned enterprises including their buildings and storehouses in harbor area as stipulated in Government Ordinance No. 55 of 1951.

"Government has further decided, effective Thursday, to close Dutch Consulates in Indonesia and send back to Holland their personnel and other Dutch nationals whose presence is not needed in Indonesia.

"All profit and social transfers by Dutch enterprises are blocked." (*Ibid.*)

"protective custody". In his opinion this was much better than leaving them in the hands of the unions.

The Dutch management was being retained and Suwito went so far as to say that if Dutch Government should even now indicate willingness to talk over all problems, including West Irian, the companies could be turned back. He referred to Subandrio's statement in Paris that as far as Indonesia is concerned, "door is not closed".

Suwito then went on to express his personal opinion that if only the influential voice of the United States, through Secretary Dulles, could issue an appeal to both Indonesia and the Netherlands to come together and discuss all their differences it would create a good atmosphere in which something might be accomplished. Suwito complained that in past, since attainment of independence, United States and other western nations had always called on Indonesia to do something or other to bring about better relations and had never called on Dutch to do anything. "We do not claim we have not made mistakes but we don't believe fault is only on our side," he said. "Only people who have publicly been on our side are Eurasian (*our Asian*?) friends and, I am sorry to have to say it, the Soviets," he continued. "But now if America could only call on both countries as equals to get together much good could still be done." In this connection, Tamzil[3] yesterday expressed hope that something could still be done to get Indonesia and Dutch to talking. He said both nations had spent too much time calling each other names. "We are both at fault", he said and then he also hinted that America should do something to bring the two together.

I am seeing other reasonable and responsible Indonesians over week-end and hope by first of next week to be able to forward our views as to what can possibly be done to help this most serious situation. I am however now certain that if anything is done, America will have to take some initiative and responsibility and that if nothing is done only the Communists will benefit.

Allison

[3]Director of the President's Cabinet.

312. Telegram From the Chief of Naval Operations (Burke) to the Commander in Chief, Pacific (Stump)[1]

Washington, December 7, 1957—7:39 p.m.

080039Z. Indonesian situation may become critical. Sail under command of flag officer not COM7thFLT one cruiser one destroyer division all U.S. amphibious forces available Philippine area with embarked Marines plus necessary logistic forces.

Keep out of sight of land if at all practical. Forces to be prepared any contingency including evacuation U.S. personnel and landing Marines to protect U.S. lives and property in Indonesia especially Java and Sumatra.

Make movements as inconspicuous as possible. Do all possible to avoid comment by shore based personnel and news media. If queried force on training exercise in South China Sea.

Sail force and detachments cruiser and desdiv proceed at 20 kts others maximum sustained speed. Do not put into any port.

Be prepared sail *Kearsarge* and one desdiv for additional support if ordered.

Be prepared also possible action off Taiwan. Report when each detachment sails. Make movement reports for exercise to South China Sea.

Have Task Force Commander report when each detachment sails composition of force and at least daily thereafter.

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[1]Source: JCS Files, CCS 092 Asia (6–25–48)(2). Top Secret; Operational Immediate. Repeated to CINCPACFLT, COMSEVENTHFLT, COMDT MARCORPS, COMSIXTHFLT, CINCNELM, and CINCLANTFLT.

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313. Telegram From the Department of State to the Embassy in Indonesia[1]

Washington, December 7, 1957—7:59 p.m.

1260. Australian Ambassador Sir Percy Spender under instructions from Foreign Minister Casey called on Under Secretary Herter this afternoon to discuss the situation in Indonesia.

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[1]Source: Department of State, Central Files, 656.56D13/12–357. Secret; Priority. Drafted and approved by Howard P. Jones; cleared with SPA. Also sent to Canberra, The Hague, and London.

After reviewing situation which he considered increasingly alarming and to no one's advantage except Communists he put forward two suggestions from Casey: (1) the possibility that a personal appeal from President Eisenhower to President Sukarno might be helpful and (2) the possibility of joint diplomatic representations to Indonesian government. As to first point he said that because of its consistent position of neutrality on West New Guinea issue United States was clearly in most favorable position to make representations which might have a chance of success.

Under Secretary indicated we would take both suggestions under consideration. Although we are not optimistic as to success of the first it might be worth trying. As to second he believed joint representations on part of those who had voted with Indonesians on U.N. resolution might be productive but he doubted wisdom of joint approach from others. He noted that India already had cautioned Indonesians against going too far with present measures.

In assessing situation Sir Percy observed that it seemed obvious that Indonesians were attempting to force Dutch into negotiations. It seemed possible that Indonesian government was privy to original takeover of Dutch concerns by employees and unions and that whole operation had been carefully planned including second step of government control. Uncertainty existed, however, as to whether government or even Sukarno was still in control of situation sufficiently to prevent excesses sponsored by Communists.

Department requests Embassy views as to possible effectiveness of either or both approaches outlined above.

Dulles

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314. Message From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Ambassador in Indonesia (Allison)[1]

Washington, December 7, 1957.

Following are general guidelines for discussion Gordon Mein with Amb Allison.

1. . . . Dept has considered Amb Allison's recommendations[2] at high level and concurs that a policy along general lines of course two

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[1]Source: Department of State, Central Files, 756D.00/12–757. Addressed also to Gordon Mein.

[2]See Document 300.

is desirable. Agree that a middle course is insufficient to halt the trend, and that course two is consistent with NSC's Special Paper on Indonesia,[3] copy of which pouched . . . Djak.

2. The considered and firm U.S. . . . view is that we *have* reached the point of no return with Sukarno. If he should show signs of turning against Communists, this would probably be only because effective political action by his anti-Communist opponents forced him to do so in order to remain in office. He must at very least be relegated to less dominant position in political scene. Our best opportunities lie with the Masjumi leaders, the right-wing elements of Indo Nat Party, the opposition groups, and the anti-Communist elements in the military and minor parties.

3. Our immediate objective is the formation of a government in Indonesia supported by the major political parties and the opposition group, which would be sufficiently strong to halt the present towards Communist domination and eventually reverse it. Our active support should be engaged in this endeavor.

4. In view of the foregoing, we are *not* prepared to provide military equipment to the present government, nor are we prepared to consider greater economic aid. (However, the question of notification should be discussed in relation to consideration tactics discussed previous . . . messages this subject.) If a new regime satisfactory to us is formed, we would promptly negotiate these points.

. . . . . .

[3]Document 262.

315. Notes of the Secretary's Staff Meeting, Department of State, Washington, December 9, 1957, 9:15 a.m.[1]

Intelligence Briefing

1. Mr. Cumming gave the intelligence briefing.[2]

[1]Source: Department of State, Secretary's Staff Meetings: Lot 63 D 75. Secret. Prepared in the Department of State, but the source text, marked "(Informal Notes—Not Approved)", does not indicate the drafter.

[2]A memorandum attached to the source text, from an unidentified staff member to Arneson, McAfee, and Moffat, dated December 9, lists the documents on which the briefing was based and includes under "Indonesian Roundup" the notation "Demoralized state of anti-commie elements".

Indonesia

2. Extensive discussion of the critical situation in Indonesia. The Secretary felt sure that events should be offering us an opportunity to take useful and constructive steps. With the interruption of inter-island traffic, disruption of the oil production, food shortages and the sabotage of the arsenal, the Secretary thought we could offer to move in with very real assistance if the Indonesians would adjust their present policies in orientation and conversely decline all commie[3] assistance and that they not persist in their leftist activities. The Secretary also emphasized that the Russians or the Chinese might well also offer and give assistance and that therefore in this fluid situation we must decide very promptly what direction we want to move, whom we want to back and then move in promptly. In this connection, the Secretary emphasized that our policy was fundamentally to get a right thinking and acting government, not simply to get the present government to go easy on the Dutch.

With respect to the action situation there was some question as to whether there was in fact a rice shortage or simply a failure of distribution.[4] There was also considerable discussion whether the New Guinea issue was underlining the basic attitudes of the Indonesians and thus a cause for the current troubles or, alternatively, whether, as Mr. Murphy and the Secretary seem to feel, the New Guinea issue was a facade and an emotional issue in the wake of which Sukarno could seek to achieve his other objectives. In this connection, Mr. Robertson and Ambassador Richards felt that the New Guinea issue was in fact the basic problem. Mr. Robertson also pointed out that it was apparently not foreseen by the Dutch. The Secretary nevertheless felt that there were very real corruptive forces at work in the Indonesian problem which we would need to counter and which were apart from the New Guinea issue.

A reference was also made to the suggestion for joint or several representations to the Indonesians by NATO or NATO Governments.[5] Reference was made to the Australian suggestion that the

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[3]The word "commie" was added by hand in the margin of the source text.

[4]Telegram 1483 from Djakarta, December 7, reported a severe rice shortage in Djakarta; predicted that if it continued, as seemed likely, there was danger of rice riots, "which could be taken advantage of by Communists to fan flames of anti-foreignism particularly anti-Americanism"; and proposed a U.S. gift of rice to the people of Djakarta. (Department of State, Central Files, 856D.2317/12–757) Telegram 1609 from Djakarta, December 14, reversed the recommendation, concluding that Indonesia possessed sufficient stocks of rice and that the problem was due to faulty distribution, which the Indonesian Government was endeavoring to correct. (*Ibid.*, 856D.2317/12–1457)

[5]Reported in Polto circular 19 from Paris, December 7, not printed. (*Ibid.*, 656.56D13/12–757)

President intercede although this was thought to be far too vague. The fundamental problem according to Messrs. Murphy, Robertson and Richards is that there is nobody whom we can support; and [there] is no group on whom we can center our hopes or seek to develop as a counter balance to Sukarno. The Under Secretary noted that Sumatra may be the key and that we are looking into this further with the Australians and the U.K.

Mr. Robertson said that Gordon Mein has been hastily dispatched to Djakarta and should arrive Wednesday.

The Secretary emphasized again the critical need to move rapidly and to capitalize on the opportunities he saw that were now available to us.

Seventh Fleet Movement

3. Deputy Under Secretary Murphy briefly discussed the Navy instructions with respect to Java Sea movement.[6]

[Here follows discussion of unrelated matters.]

[6]Reference is apparently to telegram 080039Z, Document 312.

316. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 9, 1957—11 a.m.

1495. Department pass CINCPAC for POLAD. Deptel 1260, Canberra 231, The Hague 1033.[2] I have considered most carefully proposals in reference telegram . . . and have discussed them with my staff, and second proposal also with my British colleague.

With respect to proposal that President Eisenhower make personal plea to Sukarno I believe this would have no effect whatsoever unless a similar plea were made at same time to Dutch urging them, in interests of whole free world to agree to discuss whole gamut of disputed problems with Indonesia.

. . . volunteered statement last night that any form of joint representations would do more harm than good. I agree completely. . . . also expressed opinion with which I agree, that time is running out when any constructive action can be taken.

[1]Source: Department of State, Central Files, 656.56D.3/12–957. Secret; Priority. Repeated to The Hague and Canberra.

[2]Document 313.

I well understand difficulty facing Department in this issue but I believe we must take strong action soon if we wish to prevent this rich country from falling completely into chaos and ultimately into Communist hands. I find it difficult to understand how a small country has the audacity to call for "NATO solidarity" in a course of action which can only result in great harm to the security and other interest of her allies and the whole free world. When Dutch have wanted to they have never had any hesitation in going against our interests as we saw them—witness their recognition of Red China[3] and their attitude in COCOM. More and more Indonesians are expressing bewilderment at fact that United States was willing to defy her two strongest European allies, Great Britain and France, over Suez and also willing to defy France over arms to Tunisia, and is seemingly afraid of little Holland. . . .

I do not in any way condone actions taken by Indonesians in recent weeks. They have been unjustified and if continued can well lead, in one form or another, to national suicide. However, I believe it important to remember as pointed out by a wise American observer:

"The fanaticism of nationalism in the Asian-Arab-African world cannot be equated to the reasoned logical reactions of 19th-centurn European Foreign Office. It is a basic error of those who have not escaped from the pattern of the past to fail to take into account the irrationality of their adversaries. If your adversary does not regard national suicide as an unmitigated evil, there is no effectiveness in a logical demonstration that a certain course of conduct is suicidal."

As indicated by Tamzil and Suwito (Embtel 1458 to Department, 37 to Canberra, 60 to Hague[4]) there may still be time for some action to be taken which will stave off complete disaster. I do not believe there is any action short of armed force which can prevent Indonesia eventually getting control of West Irian. There is still time, however, if we act at once, to halt the present downward slide and ensure that when Indonesia gets West Irian it be in a manner which will redound to our credit and will serve the best interest of the free world. This will require some knocking of heads together but if we are to continue to exercise any leadership in this part of world we must do it.

Our record of neutrality does give us certain status with which to work. If President Eisenhower would make personal joint appeal to Netherlands and Indonesia to stop calling each other names, freeze the status quo and agree to open discussions, either with or without America as an observer, on all matters "in dispute" between the two parties, it just might work. Before making such a plea we should tell

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[3]In November 1954.

[4]Document 311.

the Indonesians in no uncertain terms that if we made such a plea they would have to agree to put a stop to persecution of Dutch individuals and interests during such talks. We should at same time, just as vigorously, tell the Dutch that we were calling on them as a responsible member of NATO to put the long term interests of the whole free world first, and that we did not propose to see Dutch experts in Indonesia replaced by Soviet or other Communist technicians, so that if Dutch did not agree to proposal the United States will offer the required economic assistance to Indonesia to keep the area out of Communist hands. I have reason to believe there is still time to put forward some such proposal as in my 1142[5] and make it work. If we took some such action and made it clear to Indonesians what we were doing and lengths we were prepared to go, it would, in my opinion, cut ground from under Communists here and give us real leverage in our dealings with these emotional, almost . . . people. There might then be some chance to bring about reorientation of this government and real hope that a new, more anti-Communist government would result. If we do nothing, or publicly side with the Dutch we might as well begin to pack up.

Allison

[5]Document 280.

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317. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 10, 1957—2 p.m.

1518. Manila for MLG, also pass 13th AF. Department pass CINCPAC for POLAD. Prime Minister Djuanda saw me this morning in company with Foreign Minister Subandrio for about one hour. Following are points made with specific relation to present anti-Dutch activities. During this discussion I mainly played role of listener.

1. There will be no immediate mass expulsion of Dutch from Indonesia. Djuanda and Subandrio recognize necessity of keeping economy of country going and necessity of retaining many Dutch experts. However it is firm government policy to speed up replacement of Dutch by Indonesians and to break stranglehold of Dutch on Indone-

[1]Source: Department of State, Central Files, 656.56D/12–1057. Confidential. Repeated to Canberra, The Hague, and Manila.

sian economy. Djuanda pointed out that previous agreement with BPM, for example, called for two-thirds staff to be Dutch and one-third other nationalities including Indonesian. This would be reversed with Indonesians having two-thirds staff.

2. Take over of KPM banks and Dutch estates (this just announced this morning) by government is for purpose of conserving them, keeping communications open and containing [*continuing?*] production. There has been no confiscation or nationalization. Earnings have been frozen but this is question open to negotiation at proper time.

3. Strict orders have been given and will be enforced, that human and property rights of individual Dutchmen, as well as all foreigners, must be respected. Djuanda said there had been agitation for closing of all Dutch schools but he had ruled against it, as he said Dutch children had nothing to do with dispute between the two governments and as long as they were in Indonesia they should have right to go to school. He admitted with regret that excesses had been committed but expressed belief that worst was over and that matters are now under control. (This remains to be seen.)

4. Press stories of Dutch warships in Indonesian waters most disturbing. This only added fuel to fire, did no good, and makes it increasingly difficult for moderates in government to exercise influence.

5. Public statements by Dutch Ambassador van Roijen in Washington personally attacking President Sukarno most unhelpful and in Indonesian opinion, with which I agree, comes close to violating diplomatic hospitality.

6. Still not too late for overall negotiations to take place which could reverse present trend. However, time was running out and if something not done soon, extremists would carry the day. Indonesia could not be expected to take initiative as she had already done so too many times. Forcible outside intervention would do more harm than good. Appeal by friendly power to both Netherlands and Indonesians to come together and talk might be effective. Djuanda referred to his known record for moderation but said he was convinced his government could not do otherwise than it was. He recognized that if negotiations did not take place and Indonesians went ahead with their present program considerable suffering would ensue. He recalled in this connection that in 1945 and in subsequent Dutch police actions, Indonesians, relatively speaking, were armed with spears against cannon and yet had won out. If necessary, in the economic field, they were prepared to go through a similar phase and in the long run he was confident of success.

Comment: These were two worried but determined men. They hope to keep things under control but have no intention of reversing

the trend unless some indication that Dutch will talk. They definitely would welcome US intervention, addressed to both sides, but if this not forthcoming they are prepared keep ahead and, if need be, go down with the ship.

Allison

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318. Telegram From the Department of State to the Office of the Permanent Representative to the North Atlantic Council[1]

Washington, December 10, 1957—6:49 p.m.

Topol 1991. Deliver Ambassador Burgess 9 am December 11. Re Polto circulars 19 and 20.[2] When NAC resumes discussion you are authorized to state that US position is as follows:

1. US is following closely situation in Indonesia and appreciates restraint of Dutch presentation and of Dutch actions in face difficulties affecting Dutch citizens, property and interests.

2. US Ambassador at Djakarta made representations to Indonesian Government prior to General Assembly vote on New Guinea Item (November 29) and has made further approaches subsequent to that vote. In these approaches Ambassador expressed concern at growing tensions and actions against Dutch enterprises. He emphasized necessity for restraint.

3. US Ambassador Djakarta is under continuing instructions to make further representations as circumstances warrant to Indonesian Government reemphasizing necessity for restraint and strongly urging that Government refrain from arbitrary action. He is authorized to stress unfortunate effects of irresponsible actions on Indonesian international reputation.

4. Reports of NAC consultation this subject will be urgently considered and effects representations by respective Governments assessed.

5. US would not favor issuance NAC public statement of concern or joint NATO action in situation. Department believes appearance united NATO front present instance would not influence Indo-

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[1]Source: Department of State, Central Files, 656.56D13/12–757. Confidential; Priority. Drafted in WE and FE and approved by Under Secretary Murphy (initialed by Elbrick); cleared with FE, EUR, and the Office of European Regional Affairs (RA). Repeated to The Hague, Djakarta, and Canberra.

[2]Polto circular 20 is not printed. (*Ibid.*) Regarding Polto circular 19, see footnote 5, Document 315.

nesia in direction amelioration current measures but on contrary would tend to strengthen position of those opposing west. Department noted British representative NAC had reservations concerning desirability any form joint NATO representations and this position was also reflected by British Ambassador in Djakarta. Action which might be interpreted as extension NATO area into Far East would have seriously adverse effects also upon friendly countries in area.

With particular reference to Para 5 you may use any or all of it in your discretion in effort to appear responsive and at same time to maintain our position re Council action.[3]

Dulles

[3]Polto 1729 from Paris, December 11, reported that at the North Atlantic Council meeting that day, representatives of all the NATO members except Iceland reported that their governments had taken or intended to take diplomatic action. The U.S. representative made a statement along the lines of the first three paragraphs of Topol 1991, and it was generally agreed that no steps should be taken giving the appearance of "concerted NATO action". (Department of State, Central Files, 656.56D13/12–1157)

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319. Telegram From the Embassy in the Netherlands to the Department of State[1]

The Hague, December 10, 1957—7 p.m.

1044. Re Djakarta's 69 sent Department 1495, repeated Canberra 42.[2] Lubis, Counselor, and Zahar, Economic Counselor Indonesian Mission, requested meeting with Embassy official today. They said they had received report from Djakarta that Allison had asked Suwito, Secretary General Foreign Office, whether Indonesia prepared to enter into negotiations with Netherlands on broad range of outstanding issues troubling two countries. Suwito asked Allison if Allison had in mind negotiations "including issue of West New Guinea" and Allison said "yes". Lubis said Indonesians supposed US was concurrently obtaining indication Netherlands willingness talk, and on same understanding of scope. Indonesians knew of Van Roijen's frequent visits to Department, but assumed this approach would be Ambassador Young to Foreign Office and they were interested in response. Embassy official replied he had no knowledge of Allison conversation with Suwito to this effect or any such approach

[1]Source: Department of State, Central Files, 656.56D13/12–1057. Secret. Repeated to Djakarta and Canberra.

[2]Document 316.

by Ambassador Young to Foreign Office. (Report on other subjects covered in conversation being pouched.)

On same subject AP carries brief report from Djakarta dated December 10 re Ambassador Allison's call on Foreign Minister and states that Subandrio disclosed afterwards Ambassador offered US "mediation" to find solution to present impasse in Dutch-Indonesian relations.

Further on same subject, reftel suggests Presidential appeal to both Indonesians and Dutch to open discussions on all matters "in dispute". We assume such appeal would cover issue of sovereignty over West New Guinea. Dutch position this point is unmistakably clear and has been reinforced, if that is possible, by their recent statements and actions. (See Drees' statement to Oldenborgh, Embtel 1014;[3] Staf's statements, Embtel 1031;[4] Dutch position at NATO meeting, December 7;[5] Drees' letter to Djuanda, being cabled today.[6])

It is clear here Dutch have no intention altering their position on New Guinea. Personally believe any Presidential appeal or any offer to mediate—unless specifically excluding issue of sovereignty over West New Guinea—would be taken by Netherlands Government as a most serious affront and a rejection by the US both of their entire position on this point (which is a fundamental matter of principle with them) as well as of their representations to US bilaterally and in NATO Council.[7]

Young

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[3]Telegram 1014 from The Hague, December 7, reported Prime Minister Willem Drees' statement to J. van Oldenborgh, chairman of an association of Dutch businessmen, that the internal Dutch political situation made a compromise solution on West Irian impossible. Van Oldenborgh had urged a compromise solution such as a U.N. trusteeship with Indonesia or Australia as administering power. (Department of State, Central Files, 656.56D13/12–757)

[4]Telegram 1031 from The Hague, December 9, reported a conversation with Netherlands Defense Minister Cornelis Staf, in which he "insisted that unless US took vigorous and effective action to help protect lives of individual Dutchmen now threatened in Indonesia moral content our policies would be incomprehensible to Dutch people including himself." (*Ibid.*, 656.56D13/12–957)

[5]Reported in Polto circular 19 from Paris, December 7, not printed. (*Ibid.*, 656.56D13/12–757)

[6]Telegram 1046 from The Hague, December 10, transmitted Drees' message to Djuanda, released to the press that day by the Netherlands Government. The message requested the cooperation of the Indonesian Government in facilitating the departure from Indonesia of those Netherland citizens who wished to leave. (*Ibid.*, 256D.5622/12–1057)

[7]Allison responded in telegram 1571 from Djakarta, December 12, as follows: "Suwito's apparent report to Indonesian Embassy at The Hague indicated in reference telegram and Subandrio's statement to press here after my talk reported my telegram 1518 to Department, 77 to The Hague, 47 to Canberra [Document 317], that I had offered US 'mediation' can only be interpreted as indicating strong Indonesian desire for such mediation. Press Officer Indonesian Foreign Office last night issued denial that I had offered mediation and implied that press had misunderstood Subandrio's statement." (Department of State, Central Files, 656.56D/12–1257)

320. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 11, 1957—8 a.m.

1525. After discussion this morning of Indo-Dutch matters (Embtel 1518[2]) Djuanda and Subandrio turned to domestic political situation.

Djuanda expressed opinion that chances for restoration of effective Sukarno–Hatta relationship not greater then 50–50. He said nine man committee of Parliament had had several meetings with both men and had worked out formula for Hatta's return to Vice Presidency. Hatta had agreed to give his decision last Saturday, December 7, but at last minute had requested another week to think it over. He has gone to Bandung to do so and representatives of nine man committee are going there to see him shortly. Whole committee is meeting with Sukarno and Djuanda this afternoon. Djuanda said he could not reveal details of formula, but it does provide for Hatta to become Vice President and then for certain steps to be taken with respect to formation of new government. Djuanda said he had assured members of committee that he and his cabinet would not stand in way of any change and were prepared to resign at any time. Djuanda implied that chief problem to be solved is composition government and whether or not it would stand on three or four legs; i.e., would it include PKI?

In response to question, Djuanda said he believed recent assassination attempt, despite its tragic consequences, had had beneficial effect on both Sukarno and Hatta. It apparently has caused both men to reconsider some of their previously held views and thus made compromise more likely. However, Djuanda reaffirmed belief that chances of reunion not much better than 50 percent.

In speaking of internal situation Djuanda spoke with some bitterness of past role of Masjumi and PSI whose actions in withdrawing all support from Sukarno and government had only resulted in pushing Sukarno further to the left. He blamed himself also for having withdrawn too much from direct political arena in past. He expressed opinion that America had given too much support to Masjumi and had been too obviously supporting anti-Communist activity. He said this only served to exaggerate differences within the

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[1]Source: Department of State, Central Files, 756D.00/12–1157. Secret.
[2]Document 317.

country and pushed the moderates like himself more close to Sukarno and the left. Djuanda said he had been and was still working hard to restore the Sukarno–Hatta partnership in the interest of middle-of-the-road government. However, if extremists in the Masjumi and PSI circles forced the issue and attempted to keep Hatta in opposition, he, and Djuanda, would side with Sukarno.

I said it was mistake to think America was supporting one faction in Indonesia against another. What we are interested in is a strong, politically stable, economically sound government which was truly independent. Subandrio reverted to previous discussion about difficulties with Dutch and raised hypothetical question as to whether or not America would impose any conditions on an Indonesian Government if it should agree to support resumption of talks between Indonesians and Dutch. He particularly asked whether America would wish to change Indonesia's neutral foreign policy.

I replied that question in those terms had not arisen but from my knowledge of Washington thinking I was certain that there was no desire to have Indonesia change her neutral policy and that reasons for it were understood. I then said that speaking most frankly I knew that Washington was greatly concerned at increasing internal Communist strength and seeming tendency of government under lead of Sukarno to favor this trend. I asked whether, if American Government should do anything along line Subandrio had mentioned, it could expect Indonesian Government to take more forthright stand against internal increase in Communist strength? Djuanda then said that in all honesty he could not say government would at once take "forthright" stand aganst local Communists, but atmosphere would be created in which government and Sukarno could begin to act more in accord with what he knew our desires to be. Any such action by America would show a confidence in Indonesian Government which would pay dividends. Subandrio added that we must remember that Sukarno's whole attitude is colored by West Irian question. Anyone who supports him on that is friend, anyone who opposes is an enemy.

Both Djuanda and Subandrio then made further plea for American understanding and, if possible, speedy action to break the present impasse with the Dutch. I made no comment other than to say their views would be reported.

Comment: Most unusual for Djuanda to receive me in presence Subandrio. This may have perfectly simple explanation in fact that I had also requested to see Subandrio upon his return, and this seemed easiest way to kill two birds with one stone. On other hand Subandrio is said by many to be much closer to Sukarno than Djuanda and to have been much more of a leading spirit in West Irian campaign. Djuanda, according to at least one good source, has tried to resign

more than once recently. Subandrio therefore may have been present to assure that Djuanda followed the party line completely. Djuanda appeared more cheerful and confident than when I saw him a week ago. It may be he has definitely decided, as he implied, to throw his lot in full force with Sukarno and that fact decision has been made results in psychological relief. I shall attempt to see him alone as soon as possible in an effort to reach a sounder judgment.

Allison

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321. Editorial Note

At a meeting of the National Security Council on December 12, Allen Dulles commented on developments in Indonesia as follows:

"Mr. Dulles indicated that the anti-Dutch campaign in Indonesia was continuing unabated. In his first speech in a long time, President Sukarno had indicated no compromise with the Dutch. The Communist-dominated labor union, SOBSI, has continued to take over Dutch enterprises, which course of action was given an air of legality by the government appointing Indonesian officials to supervise these enterprises. In any case, the bulk of the great Dutch investment in Java was now in Indonesian hands.

"The President inquired whether there would be any compensation to the Dutch, or whether the Indonesian action amounted to straight confiscation. Mr. Dulles replied that there was no clear answer as yet. The Indonesians say they will provide compensation, but it is extremely doubtful. Meanwhile, Mr. Dulles pointed out, the anti-Dutch campaign was having extremely serious repercussions in Indonesia. The price of rice had been trebled in recent weeks. Moreover, the Soviet bloc was exploiting the situation by offering the Indonesians ships, technicians, etc., to replace the Dutch. There were also unconfirmed reports that the authorities in Sumatra would soon declare their independence of Djakarta. There was also pretty good evidence that the Indonesian military commander in Central Sumatra had forbidden the oil companies henceforth to pay their revenues to the Central Government in Djakarta." (Memorandum of discussion by Gleason, December 6; Eisenhower Library, Whitman File, NSC Records)

322. Memorandum of a Conversation, Department of State, Washington, December 12, 1957[1]

PARTICIPANTS

The Secretary
Ambassador Spender—Australia
Hugh S. Cumming, Jr.—INR
Howard P. Jones—FE

Australian Ambassador Spender called on the Secretary just prior to the Secretary's departure for Paris today to present a message from Prime Minister Menzies to the Secretary on the Indonesian situation.[2] The Secretary, who was just leaving for the airport, scanned the message hurriedly and made the following observations which he said were "off the cuff".

There were two alternative courses of action which we could take with regard to Indonesia: one was to support the Dutch; the other was to support elements within the country opposed to Sukarno. Sir Percy interjected that these courses were not necessarily inconsistent with each other, and that both courses might be followed. The Secretary replied that this could not be done overtly, pointing out that overt support of the Dutch position would render it impossible for those elements within Indonesia that were opposed to Sukarno to work with us.

The Secretary emphasized that our basic purpose was to keep Indonesia out of the hands of the Communists and that we were confident Australia would agree with us that this objective was paramount. This was in the interest of the Dutch as well as other countries of the world. Whatever capability we had to work with Indonesian leaders against Sukarno would be vitiated, however, by our embracing the Dutch cause in this matter.

Sir Percy said that what the Indonesians were doing was nothing less than "international blackmail" and could not be condoned. The Secretary agreed that the current actions being taken in Indonesia were "indefensible". The problem was to take action which would be effective. Taking the Dutch side in the dispute would seriously curtail if not eliminate our capacity to accomplish anything in the situation.

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[1]Source: Department of State, Central Files, 756D.00/12–1257. Secret. Drafted by Jones.

[2]The message from Menzies to Dulles, dated December 12, stated that the Australian Government believed that "only the most direct talks" between the United States and Indonesia could "avert unpleasant possibilities". In concluding Menzies asked, "Is it not the time for the United States to use its influence at the highest level in Indonesia?" (Filed with a covering note from Spender to Dulles, December 12; *ibid.*, 656.56D13/12–1257)

323. Telegram From the Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Burke)[1]

Honolulu, December 12, 1957—6:33 p.m.

130433Z. . . . For example if the reins of government were turned over by Sukarno to some one else. This might occur if Sukarno's health broke down, if he elected to take a trip while things cooled off, or if he were forced to leave. Under such circumstances, the US should move quickly and boldly to capitalize on the situation. A démarche could be made to the new leaders stating in unmistakable terms:

a. A communist government in Indonesia would in fact negate the independence of Indonesia and newly won freedom from colonial exploitation.

b. The US will use all necessary means to prevent the establishment of a communist government in Indonesia and to overthrow such a government if one should temporarily get into power.

c. The US insists on a strongly anti-communist government in Indonesia. The US will give maximum support to such a government.

d. To prevent the seizure of power by the communists certain steps are required. These include:

1. Elimination of communists from the government, the army and the police.

2. The communist party (PKI) should be outlawed.

3. The diplomatic cultural and commercial delegations from all communist countries should be declared persona non grata and given their walking papers.

e. When the steps in para d above are taken the US will be prepared to conclude military and economic aid agreements with Indonesia and to render such additional support feasible to restore the economic viability of Indonesia in the free world.

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[1]Source: Department of Defense Files. Top Secret; Routine; Limited Distribution.

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324. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 14, 1957—3 p.m.

1597. Department pass CINCPAC for POLAD and AF, AFCIN–1A1, 13th AF. Manila for MLG. I told Foreign Minister Subandrio

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[1]Source: Department of State, Central Files, 256D.1122/12–1457. Confidential; Priority. Repeated to The Hague, Canberra, and Manila.

last night that many of the local American community were becoming alarmed at the deteriorating economic situation and there was a growing opinion that dependents, particularly small children, should be evacuated. I said I had hesitated to advise such action publicly as I feared it might cause general alarm and misunderstanding and add to the already difficult situation. However, I did feel a responsibility in the matter and therefore was telling him frankly of my problem. I also inquired what attitude of Indonesian Government would be if it should be decided to evacuate American dependents and if we should request facilities for an emergency evacuation plane or ship. I stressed that we did not fear violence but only the disruption of normal communication and supplies which would make it advisable for women and children to be in a more normal location.

Subandrio was most sympathetic. He said that while he did not anticipate any real large-scale trouble or difficulty, he could not, in all honesty, give any guarantee to that effect. He did anticipate there would be food shortages although he hoped not too serious ones. In this connection he said the Indonesian Government had already chartered 70,000 tons of shipping to replace KPM ships, from Japan, Yugoslavia and Poland. However, it would be at least three weeks before the first of this shipping would arrive.

Subandrio said he would agree to bringing in emergency planes if necessary although he would not agree to any operation which would give the appearance of an "air lift". He said such an operation could well be misunderstood by the emotionally excited Indonesians and might well be the cause of regrettable incidents. But any evacuation carried out calmly and not as a one or two time operation would receive his assistance. I thanked him and said I would inform him at once of any decision we made on this question.

The Foreign Minister then went on to talk about the general over-all Indo-Dutch problem. In response to his question I said I could give him no hope whatsoever that the United States would change its policy of neutrality on the West Irian issue nor could I give him any hope that the United States would offer to mediate or in any other way intervene between the two parties. I did reinforce what I had told him earlier in the day that Secretary Dulles had made it clear that the United States would not at NATO take any action affecting Indonesia as long as Indonesia was not present to be heard. Subandrio expressed appreciation for this stand and said he fully understood and had told the President and the Cabinet the reasons why the United States could take no stronger action prior to the coming high level NATO meeting. He did, however, express the strong hope that the United States would be willing a little later to offer help to Indonesia in meeting the economic dislocations which

would result from the present situation. I offered no comment on this point.

Subandrio then said there was one point about which he was most seriously concerned and he asked me to inform Washington of his concern. This was the prospect that Dutch warships now just outside Indonesian waters would blockade Indonesian ports or take other actively hostile action. He said he was not worried about these warships escorting KPM or other Dutch vessels out of Indonesian control but at more direct action. The Indonesian Government was already taking steps to prepare for such an emergency but he expressed strong hope the United States could persuade its Dutch friends not to take any such measures. If Dutch warships did attempt to blockade Indonesian ports Subandrio said would be most difficult, if not impossible, to prevent violent reaction and the safety of Dutch remaining in Indonesia would be gravely jeopardized. I said I believed it most unlikely Dutch would take any such action but that I would inform Washington of his fears. He said that failing such actively hostile action he was certain it would be possible to protect the Dutch and all other foreigners from violence and the government was determined to do so.

As I departed he again expressed his understanding of my concern about American dependents and only asked that in any action I decided upon I make every attempt to keep it from giving a sensational appearance.

I should like to know for planning purposes what planes or ships might be available for evacuation over a period of time [of] the some 500 official and unofficial dependents in Java who might wish to leave.

Allison

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325. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 16, 1957—6 p.m.

1618. Manila pass CINCPAC for POLAD and AF, AFCIN–1A1, 13AF. Manila for MLG. I took Mein[2] this noon to call on Foreign Minister Subandrio who during course of conversation made following points regarding present situation:

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[1]Source: Department of State, Central Files, 656.56D/12–1657. Confidential. Repeated to The Hague, Canberra, and Manila.

[2]Mein visited Indonesia December 14–21.

1. Subandrio has suggested to Dutch Chargé Hasselman that Prime Minister Djuanda and Drees should have "summit" meeting at some neutral point such as Delhi or Colombo and, without specific agenda, cover gamut of Dutch-Indonesian relations. According to Subandrio, Hasselman has not yet reported Dutch reaction to this suggestion and Subandrio is still optimistic that something might come of it.

2. Subandrio revealed that since Indonesians have taken definite action against Dutch, position at The Hague of Indonesian Chargé has greatly improved. Apparently, whereas formerly Indonesian Chargé was always received curtly and conversations with him were held standing, he is now invited to come in and sit down and discuss matter in a more cordial and normal manner.

3. Indonesians have also received reports from The Hague that more and more nongovernmental Dutchmen are taking interest in Indonesian problem and that business leaders and others endeavored to persuade Dutch Government to adopt more flexible position. Queen Juliana is reportedly getting into the picture and has requested copies of President Sukarno's speeches.

4. Subandrio stated categorically that Indonesians did not wish to force all Dutch out of the country at once, but he also made it clear that there would be no attempt to prevent any Dutch from leaving who wish to do so. This statement was of particular interest in view of fact that while waiting to see Foreign Minister, Dutch Chargé came into waiting room and with most worried expression told us that he had just been informed by immigration authorities that, while exit permits for Dutch dependents would continue to be given without going through normal screening procedure, this facility would not be given Dutch businessmen or technicians and they would have to carry on normal practice. Hasselman interpreted this as Indonesian attempt to prevent exit of technical experts and in fact to engage in "forced labor." From Subandrio's statement, it is clear to us that whereas Dutch are adopting position that all Dutch are being forced out by Indonesians and therefore Indonesian Government should greatly facilitate their departure, Indonesians take position that only Dutch being forced out are unemployed and those positions can readily be occupied by Indonesians. Indonesians therefore see no reason why they should exempt Dutch from normal emigration procedures and believe they have made considerable concession in permitting dependents to bypass normal procedures. During this part of conversation, Subandrio said there was good evidence that Dutch Government was putting pressure on certain technicians and experts to leave Indonesia although these persons had no particular desire to do so.

5. Subandrio said that he had discussed with British Ambassador this morning question of Dutch warships now in Singapore. He pointed out that of course Indonesian Government could take no exception to British granting normal bunkering facilities but if they were doing more than that in assisting Dutch warships to take hostile action against Indonesia, such as intercepting vessels or engaging in blockading activities, it might create most serious situation. Subandrio reaffirmed statement he had made to me Friday evening and reported in my 1597[3] regarding his concern at possible hostile activity of these Dutch warships.

6. In summarizing Indonesian view of possible outcome present dispute with Dutch, Subandrio reaffirmed statements previously made that there is still time for third-country intervention directed to both parties. However, he emphasized that time was running out and that longer any such intervention is delayed, more difficult will solution become. In contrast to impression given by many press reports that Subandrio envisions early break-off of diplomatic relations with Dutch, the Foreign Minister made clear that this action would only come as last resort and after Indonesia had finally decided Dutch had no intention of making compromises of any kind. If negotiations of some sort could be resumed, looking toward possible establishment of normal diplomatic relations, this is what Indonesia wants, but if this is utterly impossible Subandrio thinks it would be better to cut off all ties completely.

Comment: Although Subandrio stated he understood difficulty facing America at this time, particularly in view of NATO Chiefs of State meeting, of taking any action to ameliorate the situation, it was obvious that he still hoped something could be done. His stressing of possibility of "Summit" meeting between Drees and Djuanda seemed almost to be clutching at straws, but I believe was indicative of real desire of Indonesians to reach some sort of settlement.

Allison

[3] *Supra.*

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326. Editorial Note

During the NATO Heads of Government meeting held in Paris, December 16–19, Secretary Dulles discussed matters relating to Indonesia with British Prime Minister Macmillan and Foreign Secretary

Lloyd. A memorandum by Dulles of a conversation with Macmillan on December 16 reads as follows:

"During a conversation that touched on other subjects, I asked about Indonesia and Singapore. He said he did not know what had been done, but he would try to get a quick report for me." (USDel/MC/15, December 17; Department of State, Conference Files: Lot 63 D 123, CF 950)

On December 17, Dulles and Reinhardt discussed Indonesia with Macmillan, Lloyd, and British Deputy Under Secretary of State Sir Patrick Dean, and on December 19, Dulles discussed Indonesia briefly with Lloyd. The only records of these conversations found in Department of State files list the dates, participants, and subject (Indonesia) but do not record the substance of the discussions. They indicate that a memorandum of the December 17 conversation, consisting of two pages, and a memorandum of the December 19 conversation, consisting of four lines, were filed in the Office of the Secretary. (*Ibid.*, CF 947 and CF 951, respectively)

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327. Memorandum From the Director of Intelligence and Research (Cumming) to the Acting Secretary of State[1]

Washington, December 19, 1957.

SUBJECT

Intelligence Note: *Insurgent "Republic of the South Moluccas"*

The Attorney General of the Federal State of East Indonesia, Dr. Soumokil, rallied locally prominent citizens to constitute themselves into a self-styled Republic of the South Moluccas (Republik Maluku Selatan—RMS) on April 25, 1950. It embraced the islands of Buru, Ceram, Ambon and Banda. The purported legal justification for the RMS declaration of independence lay in the constitution of the Republic of the United States of Indonesia (RUSI), which granted the subordinate territories the right to determine their ultimate status by democratic means—a right which it claimed had been denied to it. The movement was supported by Christian Ambonese who as strong supporters of the Dutch feared discrimination by the dominant Javanese. Conservative elements in the Netherlands also supported the movement. RMS armed forces were made up of the many Ambonese Dutch colonial troops (KNIL) who were undecided about assimilating

[1]Source: Department of State, Central Files, 756C.00/12–2357. Secret.

into the RUSI army. The central government twice sought to negotiate with the rebels without success. In September 1950, it landed troops which occupied the whole of Ambon and largely destroyed Amboina. For the next six years the Indonesian Government estimated the strength of the RMS at only 200, but in the fall of 1956, the estimate unaccountably increased to 2,000. Dr. Soumokil who in 1950 had escaped to the Netherlands, is believed to have returned to the Moluccas in 1953. In late 1956, his headquarters were reported to be in the western part of Ceram Island. The RMS maintains an information agency in New York and has made repeated unsuccessful attempts to have its case brought before the United Nations. Much of this agency's propaganda effort has been aimed at enlisting US support. RMS postage stamps have featured General MacArthur. Attached RMS map and information pamphlet,[2] in English, are intended to emphasize the strategic value of the area. To date no foreign government has recognized the RMS.

Dissident activity appears to have increased in the south Moluccas. On December 17, 1957 there were reports that Indonesian parachute troops arrested more than 100 civilians and army personnel in Amboina and other islands of the Moluccas after food riots. On December 18, it was reported that the government had put down an attempted coup by army officers in the Moluccas islands 10 days before. Prime Minister Djuanda in a press conference the same day acknowledged that there had been some arrests in that area but refused to disclose details. He denied, however, that the arrests had resulted from food riots—leading to the inference that anti-Dutch activity in Java has increased the determination of certain pro-Dutch Ambonese elements to break out of the Republic of Indonesia.

[2]Neither printed.

328. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 20, 1957—3 p.m.

1700. No distribution outside the Department. Department's 1464.[2] Army Attaché[3] has discussed contents his C–126[4] and C–127[5] with me, but he did not tell me he was at this time reporting contents. I have discussed subject matter with Mein and we were waiting to comment on it in our overall recommendations to the Department at conclusion of Mein's visit. I have told Army Attaché that he might well point out to . . . that I am accredited to Sukarno and that there is no necessity for going through a third party. . . .

. . . recent press stories that Djuanda, Nasution and Hatta may be cooperating to put pressure on Sukarno. I am beginning to come to conclusion that this may be so. As Department will recall from my 1525[6] in my talk with Djuanda Subandrio was present and I received the impression that some of Djuanda's statements might have been made either deliberately for Subandrio's ears or because he had been forced to make such statements by the palace and Subandrio was present to see that he did so. In this connection it may be significant that Subandrio was also present during Djuanda's press conference the day before yesterday. Mein and I have had a request in for the past four days to see Djuanda and so far there has been no response, although I learned last night from Yugoslav Ambassador that he had

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[1]Source: Department of State, Central Files, 756D.00/12–2057. Secret; Priority; Limit Distribution.

[2]Telegram 1464 to Djakarta, December 18, requested the Embassy's comment on telegrams C–126 and C–127 from the Army Attaché in Djakarta. (*Ibid.*, 756D.00/12–1857)

[3]Colonel Robert B. Collier.

[4]Telegram C–126, December 16, reported that a source had approached the Attaché, intimating that he was representing Sukarno, and asked what the United States would do for Indonesia if Sukarno turned against Communism. The Attaché replied that he could not answer the question and that the proper channel was from Sukarno to the Prime Minister to Ambassador Allison, but the source indicated that he wanted to ascertain the possibility of U.S. assistance before discussing the subject with the Prime Minister. (Department of Defense Files)

[5]Telegram C–127, December 17, reported a conversation on December 16 with the same source who said he had been with Sukarno for an hour that morning. The source stated that "he feels Pres realizes his plight and is seeking way out without losing face. Also feels Pres willing change his plcy if he can depend on US help. Therefore [name deleted] trying determine for Sukarno what possibilities are." The source also stated that Nasution was working in close cooperation with Djuanda and that Hatta was in contact with them and willing to work with them. When asked what Indonesia would want from the United States, he had replied that the United States could, first, help find a "way out" for Sukarno by using its influence to bring about talks between the Netherlands and Indonesia; second, provide military equipment to the Indonesian Army; and, third, send immediate aid in food and commodities. (*Ibid.*)

[6]Document 320.

had long interview with Djuanda yesterday so Prime Minister is seeing some diplomats. It may well be that Djuanda has been told to reduce his contacts with me.

I remain of the opinion that [name deleted] approach should be commented on in overall context present situation as we are beginning to understand it over the past few days, and in report which Mein and I hope to forward today or tomorrow we will deal with this matter.[7]

Allison

[7]See *infra*.

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329. Message From the Ambassador in Indonesia (Allison) to the Under Secretary of State (Herter)[1]

Djakarta, December 20, 1957.

1. During past week Gordon Mein has seen large number of Indonesians and he and I have carefully discussed whole situation as it now appears. Most forthright and encouraging talk was that with Sjafruddin, Governor Bank Indonesia, yesterday which has been reported . . . in detail.[2] This talk and one Gordon Mein had this morning with Lukman Hakim of Bank Indonesia, Indo Natl Party stalwart, confirm reports sent . . . concerning definite efforts by Masjumi Party and right wing Indo Natl Party develop plans for establishment of primarily non-Communist govt. Steps in this direction are increasing daily and we therefore believe that problem of to whom we should talk is not serious one. We do believe, however, that it will be necessary for us to give these friends of ours active ecouragement and advice in order to assure that their present efforts bear fruit.

2. In your message giving guidelines for our discussions here,[3] it is pointed out that if a satisfactory new regime is formed, United States "would promptly negotiate these points". In our opinion, it is

[1]Source: Department of State, Central Files, 756D.00/12–2057. Secret. Summarized in *Ambassador From the Prairie*, pp. 336–337.

[2]A message from Allison to Robertson, December 20, reported that Sjafruddin told Mein that anti-Communist elements were negotiating for the formation of a strong government which would replace the existing cabinet and would stand up to Sukarno. Sjafruddin asked Mein if the United States would be prepared to assist such a government if it came to power and Mein indicated that this might be possible. (Department of State, Central Files, 756D.00/12–2057)

[3]Document 314.

essential that we determine in advance of the formation of a new govt what we are prepared to do for such a govt and that we make this known to the persons actively engaged in bringing about such a govt. We believe that there is not sufficient time to consider negotiating these points after formation of a govt. We also believe that if our friends know in advance what we are prepared to do for them this will give them added leverage to use in bringing about a change. As to our ideas on this matter, Gordon Mein who is leaving early morning 21 Dec for Wash, will bring our coordinated views.[4] . . .

. . . . . .

4. In sum, Gordon Mein and I believe we should be prepared immediately upon formation of satisfactory new govt to offer economic and military assistance and most important be able to give new govt some assurance that we would use our influence to get talks with Netherlands opened. Para 7 The Hague's 69 to Djak, 1114 to State Dept[5] is significant this connection. We do not believe it would be necessary for United States at this time withdraw from its position of neutrality on the New Guinea issue but we do believe it is vitally necessary that we arrange for opening of direct Dutch-Indonesian talks which probably in first instance could be confined to economic matters altho there would be no definite agenda for such talks. We believe that a new more conservative govt might be able to hold ground locally if talks were opened even if it was not specifically stated they were dealing with New Guinea.

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[4]Not found in Department of State files. In *Ambassador From the Prairie,* Allison states that he gave Mein a personal message to deliver to Robertson with the request to pass it on to the Secretary; he described the message as follows:

"I expressed the belief that there were two ways to handle the present Indonesian situation. The one which I preferred was to work through Sukarno, to whom I was accredited, but this would require the Department to give me some bait with which Sukarno could be tempted into the American camp. This Washington seemed reluctant to do. If Washington was convinced that Sukarno was beyond redemption, then the other course was to work for the establishment of a government in which Sukarno would not appear, or if he did, would have no decisive influence. I said I believed either course would work providing Washington followed it through one hundred percent, including, if the second alternative was adopted, putting pressure on the Dutch to open talks. If Washington did this, I was prepared to go along, otherwise I did not believe I should remain in Indonesia." (p. 337)

[5]Dated December 18, this telegram summarized the views of several Dutch business and government leaders with whom Ambassador Young had discussed the Dutch-Indonesian dispute. It stated that the Dutch had not written off Sukarno but hoped Hatta might assume an influential position of responsibility; paragraph 7 stated that with Hatta in a position of influence and Sukarno away for a health cure, there would be a real possibility of opening Dutch-Indonesian talks, perhaps as early as February, beginning with economic and financial relationships. (Department of State, Central Files, 656.56D/12–1857)

5. Details regarding Gordon Mein's conversations here and elucidation of above points will be made personally by Gordon Mein on his return. He and I seriously considered whether or not he should remain longer as well as whether we should request Wash to allow him remain Djak for an indefinite period but have concluded that it is of great importance for Wash get the feel of the situation here as it only can thru personal report by one who has just been on the spot. I therefore agree that Gordon Mein should leave soon as possible. However, I strongly recommend that after he has had an opportunity to explain matters to Department . . . he return as Acting Deputy. In our opinion, whatever is to be done in way of bringing about a new govt will have to be done over next two or three months at the most and because of Gordon Mein's previous experience here and his good contacts with wide variety of Indos he would be most valuable during this period. Any other officer who has not served here no matter how good a man, would be at total disadvantage for several months. Indos do not readily give their confidence to strangers. Gordon Mein is willing return for this purpose and I earnestly hope Department . . . will approve this action.

. . . . . .

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330. Telegram From the Army Attaché in Indonesia (Collier) to the Department of the Army[1]

Djakarta, December 21, 1957—11:22 a.m.

CX–137. Department pass Army. Information for State, CINCPAC, CINCUSARPAC, CINCPACAF, CINCPACFLT, COMNAVPHIL, COMSEVENTHFLT and COMAFTHIRTEEN. Sent DA Washington for action ACSI, AFCIN and ONI. Colonel Jani, Deputy Chief of Staff, in conversation with Major Benson, Assistant ARMA, on 20 December made another strong plea for favorable US action on military equipment for Indonesia, CX 134.[2] Jani said that cabinet had ap-

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[1]Source: Department of State, Central Files, 756D.56/12–2157. Secret; Priority; Noforn. Sent through Department of State communications facilities.

[2]Telegram CX–134 from the Army Attaché in Djakarta to the Department of the Army, December 19, reported that the Indonesian Cabinet had approved spending $250 million for military equipment and transmitted a request from Colonel Hidajat that the United States should "permit some country, any country, to sell US-made equipment to Indonesia." (*Ibid.*, 756D.56/12–1957)

proved spending of large amount of money (Ministry Defense source states amount to be 250 million US dollars) for military equipment, and cabinet directed equipment should start to arrive within 90 days. Jani stated that two officers had already been sent to Yugoslavia and Czechoslovakia to lay ground work for team of officers which is to leave Indonesia in about a week.

Nasution had sent instruction to Colonel Adjie, Indonesian Attaché in Belgrade, that favorable reply from US will stop the negotiations with Yugoslavia and Czechoslovakia immediately.

Jani said that most of the day (20 December) he was in conference with Colonel Ibnu Sutowo, Deputy Chief of Staff (Logistics) discussing the arms problem. Both officers want US to understand that it is not too late to take favorable action, as cable to Adjie will stop other transaction. Jani said that he and Sutowo appreciate the position of US at this time, especially with anti-Dutch drive making world headlines. But, Jani added, Indonesian army needs equipment, army now has money from government for some equipment and army wants US equipment. Jani said that only US equipment will hold up here in the tropics. Army is forced to replace windshields in all Russian jeeps because heat has caused glass to become "wavey" and causes driver fatigue and accidents.

Jani said he and Sutowo are very worried over impact of Soviet bloc military equipment deal on US-Indonesian relations.

Jani said that army headquarters feels that strongest supporters it has are in American Embassy. They know that if Embassy had its way, Indonesia would get equipment. But in this case we are not dealing only with Embassy, but US Government. Jani said he told Sutowo that Americans are "funny people" and never do something half way. Jani said he could foresee very angry Congress cutting Indonesian aid in other fields, ICA, USIA, military schooling—right to bone because of Indonesian-Soviet bloc arms deal.

Jani concluded by requesting that assistant ARMA make one more strong request for favorable action in this matter.

Comment: Consensus of opinion military attachés here US should act affirmatively now. Signed Collier, ARMA.

331. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 21, 1957—noon.

1722. After lapse 4 days since requesting interview, Djuanda yesterday suddenly found he had some spare time and sent for Mein who was in Third Deputy Premier Leimena's office in same building as Prime Minister. Following is substance of most important points made by Djuanda in this talk.

Prime Minister said Sukarno "very sick man" on verge of nervous breakdown. He said that although Sukarno may give impression of being well he is in fact tired and those who have known him longer notice change in his condition. President often forgets his thoughts in middle of sentence and repeats himself in conversations. Government has therefore agreed that he should take vacation, traveling unofficially and incognito to undisclosed country. President expected be away at least 3 or 4 weeks and perhaps longer, depending on his health.[2] This is also confirmed by Leimena in separate conversation.

Djuanda said he also hopeful that by absenting himself from country President will be able to view Indonesian situation from distance and therefore in different perspective. He said Hatta more reasonable following his trip abroad since was able see Indonesia in different perspective while away.

Djuanda still hopeful Sukarno–Hatta collaboration. He said personal relations between two men are good now, with frequent meetings, and that at least one more would take place before President leaves. PM thinks nine-power Parliamentary committee on this problem did more harm than good, making bringing together of two men more difficult.

PM gave impression of harassed, overworked man. His failure see Mein earlier may well have been lack of time since he took initiative in arranging for meeting yesterday.

Allison

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[1]Source: Department of State, Central Files, 756D.00/12–2157. Secret. Repeated to The Hague, Canberra, Singapore, and Bangkok.

[2]Telegram 1702 from Djakarta, December 20, reported that Allison had that morning attended a ceremony in which Chairman of Parliament Sartono was sworn in as Acting President. (*Ibid.*, 756D.11/12–2057)

332. Editorial Note

At a meeting of the National Security Council on December 23, Allen Dulles commented on Indonesia as follows:

"The Director of Central Intelligence stressed the significance of the decision that President Sukarno was to go on sick leave, a decision alleged to have been made by the Indonesian Cabinet. Mr. Dulles was not sure that Sukarno would actually go. He may yet doublecross them. Mr. Dulles thought that, to some extent at least, Sukarno seemed to have lost his nerve since the recent assassination attempt. The troublesome questions were whether he was plotting and whether he was actually working with the Communists.

"The President inquired whether the people who were trying to get Sukarno out of Indonesia were to be considered our friends or our enemies. Mr. Dulles replied that he thought they were our friends. It was the Communists who wanted Sukarno to stay at home, on grounds that if he left, a thoroughgoing non-Communist government might be organized in Indonesia. If such a government were organized, Mr. Dulles thought that Hatta might be induced to head it.

"Meanwhile, however, the local Communists were making hay in Java. Mr. Dulles expressed the belief that the Kremlin did not want an overt Communist take-over in Java today because such a development would mean the fragmentation of Indonesia.

"The President then asked whether we had achieved any success in getting the two big Moslem parties in Indonesia to work together. Mr. Dulles answered that we had enjoyed some measure of success in this enterprise, but the pace was slow. The Indonesians were a slow-moving people, living in a very hot country; they were not very vigorous." (Memorandum of discussion by Gleason, December 24; Eisenhower Library, Whitman File, NSC Records)

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333. Telegram From the Army Attaché in Indonesia (Collier) to the Department of the Army[1]

Djakarta, December 23, 1957—2:51 p.m.

CX–140. Department also pass Army. State for information. From USARMA Djakarta to DA Washington. Department Army pass for action ACSI, AFCIN, ONI. Department Army pass for information CINCPAC for POLAD, USARISC, CINCUSARPAC, CINCPACAF, CINCPACFLT, USARMAs Belgrade, Prague, Warsaw. Refer-

[1]Source: Department of State, Central Files, 756D.00/12–2357. Secret; Priority; Noforn. Sent through Department of State communications facilities.

ence: CX 138.[2] [Name deleted] informed ARMA 22 December following main points.

1. Regarding Sukarno. [Name deleted] said President real Javanese and will not make quick about face regarding policies (i.e., Communism). [Name deleted] claims answer to this will come from controlling influence around President. . . .

2. Present Cabinet will continue "have good life", says [name deleted]. Reason for this is fact that now Nasution and Djuanda have the strength to operate. Cabinet is the "Army's doll," at moment. Fellow travelers in Cabinet will be used as buffer to prevent open strikes by Communists. Decisions are made by few, not all in Cabinet. After crisis Cabinet will be strengthened and fellow travelers gradually isolated and finally eliminated.

3. Military equipment situation covered quickly by [name deleted]. Stated reason for absolute necessity of obtaining military equipment now is based on following estimates:

a. From outside immediate danger is unknown factor, what will Dutch do?

b. From within most dangerous unknown factor, what will Communists do?

c. From within also, what will DI do? The Army feels that future Communist action within country may assume large Madiun type action. Also possibility DI may act with Communists in certain areas of Indo (Sulawesi). Do not feel DI and Communists will act together in Java.

[Name deleted] continued it is therefore very plain to us that for the Army to survive we will need arms and equipment immediately. Actually we have needed this equipment for long time, however now it is an emergency.

Comment: Tone of [name deleted] information indicates the present Nasution–Djuanda–Cabinet relationship will survive present crisis which is in variance with theory that composition present government will change in near future. Signed Collier ARMA.

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[2]Telegram CX–138 from the Army Attaché in Djakarta to the Department of the Army, December 23, reported that Colonel Jani had told the Assistant Army Attaché that he would lead the three armed forces teams which were to purchase military equipment and that they were to leave on December 27 for Yugoslavia, Czechoslovakia, and Poland. Djuanda told Jani that he would be called home if "the Americans came through with something in the meantime", but that Djuanda did not expect this to happen. The telegram commented: "Notwithstanding the continued unfavorable atmosphere for Indonesia in reference to US aid—the door has been left open." (*Ibid.*)

334. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 23, 1957—6 p.m.

1757. Manila pass information COMNAVPHIL, 13th AF, COMNAVPHIL. Pass CINCPAC for POLAD. Department pass AFCIN-1A1. Manila for MLG. During 50-minute talk with Foreign Minister Subandrio this morning following points were raised:

1. I presented Subandrio with full text NATO communiqué[2] and pointed out reference therein to Indonesia. He had not seen this and seemed relieved at tone of statement. He referred in this connection to advance press reports that there would be 15-line statement on Indonesia in communiqué.

2. I also showed Foreign Minister press accounts of his statement to Parliament (Embassy's 1749[3]) and called particular attention to that part referring to his call on Secretary Dulles which was said to be because I had given Subandrio reason to believe just before his departure for UN that the United States might take some constructive action with regard to Indo-Dutch dispute. He claimed this was slightly inaccurate translation of his thought as he recognized that in my talks with him about what might be done to help I had been expressing personal ideas. Subandrio said main purpose of this portion his speech was to make clear to Indo public that America had not offered any mediation or suggestions for settlement of problem as is continually being suggested in local press.

3. In connection with present situation vis-à-vis Dutch, Subandrio revealed, most confidentially, that Government of West Germany has been using its good offices. Whether or not as result of this (Subandrio was unclear on this point), Foreign Minister said he had reason to be cautiously optimistic about prospects for "summit" meeting of Drees and Djuanda. Such meeting would be purely exploratory and would be for purpose of determining whether there was any point in having detailed negotiations of any sort. Subandrio made clear there is no change in Indo position on West Irian and that negotiations on that point, which however do not have to be starting point of discussions, would be confined to timing and method of transfer of sovereignty. On economic matters there was much to dis-

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[1]Source: Department of State, Central Files, 656.56D13/12–2357. Secret. Repeated to The Hague, Manila, Canberra, Bangkok, and Singapore.

[2]The communiqué was issued on December 19. For text, see *AFP: Current Documents, 1957*, pp. 415–420.

[3]Telegram 1749 from Djakarta, December 23, reported a statement made by Subandrio before Parliament on December 21 concerning Indonesian policy with regard to West Irian and relations with the Netherlands. (Department of State, Central Files, 656.56D13/12–2357)

cuss and considerable room for compromise. Here again he made it clear that there was no question of permitting Dutch to resume their privileged position of dominance in Indonesian economy but, aside from this, there should be large and profitable field for Dutch enterprise on terms equal to those granted any other foreign nation. Question of compensation for Dutch losses in present crisis was also legitimate subject for discussion according to Subandrio. Subandrio asked me if there was any indication that US Government, now that NATO meeting is over, would take any action to encourage talks between two countries. I told him I had received no such indication. He then referred to press report that US was considering proposing trusteeship for West Irian (Embtel 1724 and Deptel 1519[4]) and I told him Department had confirmed Embassy's statement that it assumed these reports were merely press speculation. Subandrio expressed belief that trusteeship proposal would get nowhere. In effort to create better atmosphere wherein "summit" talks could be held, Subandrio stated Sukarno had called in Communist Party Secretary Aidit and told him to "call off the SOBSI extremists". According to Subandrio, Aidit was told that if Communist extremists persisted in their action it would be against best interests of nation and that, if necessary Sukarno would publicly rebuke them. Truth of this remains to be seen.

4. In light of above claim I referred to Subandrio's statement to me (Embtel 1598[5]) that Sukarno had informed Hatta he was willing to accept Cabinet without Communists and to [*the?*] report of parliamentary nine-man committee (Embtel 1637[6]) which seemed to contradict this. Subandrio then amplified his previous statement. He said that at beginning of discussions on Hatta's return to government, Sukarno had agreed to accept Hatta as Vice President but only on condition that latter agree to Sukarno's "conception" including the National Council and presence in government of PKI. This Hatta refused to do. After several meetings Sukarno agreed to accept Hatta without conditions. In response to Hatta's questioning Sukarno had said question of National Council and inclusion of PKI in government could be left to the future and that he would not insist upon it

[4]Both dated December 21, neither printed. (Both *ibid.*, 656.56D13/12–2157)

[5]Telegram 1598 from Djakarta, December 14, reported on Allison's conversation with Subandrio the previous evening (see telegram 1597, Document 324). (Department of State, Central Files, 756D.00/12–1457)

[6]Telegram 1637 from Djakarta, December 17, reported that the chairman of a nine-man parliamentary committee established to find a means of restoring cooperation between Sukarno and Hatta had reported to Parliament the previous evening that it had failed to do so. The committee reported that Hatta had declined to resume the vice presidency (Sukarno's proposal) and that Sukarno had stated that he would support the formation of a presidential cabinet (Hatta's proposal) only if it included the PKI. (*Ibid.*, 756D.00/12–1757)

being condition precedent to Hatta's joining government. This also was apparently unsatisfactory to Hatta and thereupon negotiations broke down.

5. Subandrio then referred to forthcoming trip abroad of Sukarno and said this had been most difficult decision for both President and Cabinet to make. Neither had really wanted the trip to take place at this time but President's health was such that it was believed necessary. Subandrio then referred to spate of rumors going rounds that President would not return from trip either from his own volition or as result of successful assassination attempt while abroad. He revealed that many Indo Embassies abroad had received threatening letters warning that Sukarno would never leave Europe alive. This was particularly true in Switzerland. Subandrio implied that these threats came from both Indo and foreign sources. Subandrio then said government realized there could be no 100 percent guarantee of safety but in effort to reduce risk as much as possible it was hoped that after arrival in India (journey to which would be by Garuda) it would be possible to get Pan American plane. Subandrio said this would also have merit of proving to world that Sukarno had no prejudice against American commercial enterprise. He asked my opinion of probable safety of President on trip and I could only reply in same terms he had previously used—namely there can be no 100 percent guarantee but, at least from point of view of physical maintenance and operation of PanAm plane I considered that as safe means of travel as humanly possible. As to other dangers no one could predict but in view of countries to be visited I thought danger would be slight as they all were on most friendly terms. These countries are India, Egypt, Pakistan, Ceylon, Burma, perhaps Thailand, and finally Japan. Trip is to begin January 6 as now planned and will last three to four weeks.

Comment: Subandrio gives impression of hoping that America will at last minute do something to help break present impasse in Indonesian-Dutch relations. I am certain any American suggestions would be most carefully listened to.

During discussion of Sukarno's trip abroad I at moments received impression that Subandrio was, to some extent at least, inclined to believe "Blitz" stories and was asking me as "master mind" of anti-Sukarno plot, whether America was going to take any action against President during his absence. I am probably being over sensitive on this point but in present atmosphere here it is possible to believe almost anything.

Allison

335. Letter From the Deputy Assistant Secretary of Defense for International Security Affairs (Irwin) to the Secretary of State[1]

Washington, December 26, 1957.

DEAR MR. SECRETARY: The Department of Defense has been increasingly concerned in recent months by political developments in Indonesia and with the probable effectiveness of U.S. policy and action to forestall or cope with the rising influence of Communism in that country. In time of crisis in Java, it is probable that Indonesian military forces, particularly the Army, will be a decisive factor. Although it is known that the Communist apparatus has infiltrated the Indonesian Air Force and Army to some degree, the latter continues to be the principal stabilizing force within the nation and the element which has the most promising capability of maintaining a national orientation favorable to the West.

In the event moderate elements gain ascendancy, have the support of the military, and indicate their opposition to Communism and the present radical actions, active and quick U.S. support could be a major factor in solidifying their control.

In order to be able to act quickly, all preparatory actions should be completed as soon as possible so that the Department of Defense will be able to implement without delay a policy decision to provide aid. The Joint Chiefs of Staff have provided a recommended token military aid program for Indonesia. Attached is an equipment list[2] covering items of a total value of $6,757,592, exclusive of packing and delivering costs.

Since the United States has no Mutual Defense Assistance Agreement with Indonesia, that country is not eligible to receive grant aid under the military assistance program except by resort to emergency measures. Accordingly, it is recommended that the Secretary of State initiate action requesting the President, pursuant to Section 401(a) of the Mutual Security Act of 1954, as amended, to make the necessary determination so that token military assistance may be provided to Indonesia during the current fiscal year (1958) from funds made available under Section 103 of the Act, in the amount of approximately $7 million (includes PCH&T).

It is recognized that Indonesia is eligible to purchase military equipment under Section 106 of the Act. However, Indonesia may not in this time of crisis have the capacity to pay, nor is there time to work out the special administrative arrangements which are characteristic of transactions under the authority of Section 106. In any

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[1]Source: Department of State, Central Files, 756D.5–MSP/12–2657. Top Secret.
[2]Not printed.

case, it is believed the only procedure which could suit the urgency of the situation, if it were necessary to act quickly, is that available under Section 401(a).

The Department of Defense further recommends that notice of determination be given to appropriate Committees of the House of Representatives and the U.S. Senate pursuant to Section 513 of the Act, as amended.[3]

Sincerely yours,

John N. Irwin, II

[3]The Department's reply was sent in a letter of January 27, 1958, from Robertson to Irwin, which reads in part as follows:

"I agree that the U.S. should be prepared to extend quickly to Indonesia military assistance should it be decided to do so, and that we should continue contingency planning for such a course of action. I feel, however, that it would be premature to seek a 401(a) determination at this time. Such action will, of course, be kept under continuing consideration, and, should we decide to proceed with token aid, could be undertaken if it appeared necessary in the light of the Indonesian response to notification of U.S. preparedness to make arms available and the internal political situation at that time. In any event, the Department of State would wish to be certain that any arms made available by the United States would not be used in support of Indonesian claims to West New Guinea." (Department of State, Central Files, 756D.5–MSP/12–2657)

336. Telegram From the Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Burke)[1]

Honolulu, December 26, 1957—3:49 p.m.

270149Z. Personal for Adm Burke from Adm Stump. Further to my 130433Z[2] am sending this message to you personally suggesting that you use it at your discretion in any way you see fit.

I am profoundly concerned over the rapidly deteriorating situation in Indonesia. I feel that if something imaginative and courageous is not done within the next few weeks that dire consequences may result to our entire security position Southeast Asia which would adversely affect our position throughout the rest of Asia. For example, Indonesia potentially can complement the industrial capacity of Japan

[1]Source: Department of State, Central Files, 756D.00/12–3057. Top Secret. Sent to Under Secretary Herter with a covering memorandum of December 30 from Deputy Secretary of Defense Quarles. A handwritten note on Quarles' memorandum by Max V. Krebs, Special Assistant to the Under Secretary, notes that Admiral Stump's proposal was discussed at a meeting in the Secretary's office on January 3, 1958, at which Sprague was present.

[2]Document 323.

with raw materials, food and markets. If Indonesia should fall under Communist control it can be used to manipulate Japan more and more into the Communist orbit.

Action required at the moment is largely on the political front, but I urge a comprehensive review of the situation lest in space of few short months we see this entire island chain slip into the grip of the Kremlin domination without a shot being fired. Such an eventuality would face us with the alternative of accepting the disadvantages of living with a Communist dominated barrier across the South Seas or taking very extensive military action to protect our and our allies' position. We would be faced with a horrible dilemma and I am afraid that we would end up by accepting inaction with the hope "that everything will somehow turn out all right."

As startling as the idea may seem, I believe that the only dramatic move which could be taken which would pull the rug out from underneath the Communist plan for takeover is to remove the unifying issue which welds all factions in Indonesia together; namely Dutch recalcitrance in refusing to sit down and arrive at a long term modus vivendi with the Indonesians. I would even go so far as to suggest that if a negotiated formula for the disposition of West New Guinea is the price that must be paid for continuing Dutch and Western influence in Indonesia, that in terms of alternatives, the price may turn out to be cheap.

If Sukarno's departure from the scene temporarily gives us one last opportunity to capture support of remaining moderate anti-Communist forces by offering them support to establish military and economic security over a period of time in return for the quid pro quo of a commitment to oust the Communists from places of influence and allow a reasonable continuation of Dutch and other Western influence, in my opinion, it is worth it. Inasmuch as this would seem to be the only feasible solution, believe such a formula is at least worth our sober consideration. Fully realize difficulties we would face in discovering suitable formula to be acceptable to Dutch and Australians. However, [in view of] fact that their and our vital interests are at stake in support of the free world position everywhere, believe we should urge our friends to accept some hard counsel in return for whatever we can manage to salvage for them. Am certain that only the US can pull the chestnuts out of the fire at this point. I am convinced that time is of the essence and the passage of a few months may witness the last opportunity fade to salvage the situation by political action.

I am particularly concerned with the effect it will have on the Australians if we are not talking things over with them either directly or through Anzus. They are certainly interested in the situation in Indonesia and feel that this is the time when we should be getting

together. If the above thinking has any validity I should think that it might form the basis for useful talks between Minister of External Affairs Casey and State. At least it would give him a feeling of being brought into the picture as a vitally interested ally should be if he were allowed to come to Washington as he desires. Maybe a meeting in Honolulu might be worthwhile.

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337. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Jones) to the Secretary of State[1]

Washington, December 27, 1957.

SUBJECT

Situation in Indonesia as of December 27

There follows a summary of the latest developments in the Indonesian situation:

1. Recent statements by Indonesian leaders spell out clearly the determination of the Indonesian Government to continue on its present course of action designed to reduce and in the long run eliminate Dutch economic control of the country. It is estimated that about 10,000 Dutch nationals will have departed between December 1 and December 31. The departure of the Dutch appears to be proceeding in an orderly manner with few or no incidents of personal violence. No U.S. property or nationals have been molested.

2. Indonesian officials continue to show a readiness on the part of Indonesia to talk over outstanding issues with the Dutch provided these include West New Guinea. Foreign Minister Subandrio confidentially informed Ambassador Allison on December 23 that West Germany had been using its good offices in this matter and that he was cautiously optimistic about prospects for exploratory talks between the Indonesian and Dutch Prime Ministers. The Netherlands

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[1]Source: Department of State, Central Files, 856.56D/12–2757. Secret. Two attachments are listed on the memorandum, but neither was filed with the source text. Tab A is Irwin's letter to Secretary Dulles, Document 335. Tab B is a memorandum by Herter of a telephone conversation on December 20 with Assistant Secretary of Defense Sprague, during which Sprague expressed interest in undertaking preliminary planning for possible military assistance to Indonesia. He stated that "in view of the shifting situation in Indonesia and the possibility that Soekarno might pull out, Defense would like to be in a position to move rapidly should a subsequent decision in the light of changed circumstances be made to give military assistance". Herter agreed that such preliminary planning would be desirable. (Department of State, Central Files, 756D.5–MSP/12–2057)

Foreign Minister Luns has indicated that the Dutch Government was still prepared to discuss Dutch-Indonesian problems with Indonesia but that the basis for such talks was becoming "very narrow". On December 23 the Netherlands transmitted to members of the United Nations Security Council and General Assembly a protest against the "hostile campaign" in Indonesia against Dutch nationals and property.

3. The most pressing problem faced by Indonesia is the severe deterioration in the economy resulting from the anti-Dutch campaign. Rice shortages created by a breakdown of distribution facilities and hoarding have greatly raised rice prices in several areas.

4. Subandrio confirmed to Ambassador Allison that President Sukarno would depart on January 6 for a "rest" trip to India, Egypt, Pakistan, Ceylon, Burma, Thailand and Japan. Subandrio added the trip would last about four weeks.

5. A high-level military equipment purchasing team will depart Indonesia next week for Yugoslavia, Czechoslovakia and Poland. Indonesian sources have leaked to a *New York Times* correspondent in Djakarta the story that Indonesia was sending this purchasing mission to Eastern Europe as the result of no action on the part of the U.S. to reply to an Indonesian request to purchase U.S. military equipment.

6. As you know, we are preparing a note of protest regarding the Indonesian claims to what we consider to be the high seas.[2]

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[2]On December 13, the Indonesian Government declared that "all waters around, between and connecting, the islands or parts of islands belonging to the Indonesian archipelago irrespective of their width or dimension are natural appurtenances of its land territory and therefore an integral part of the inland or national waters subject to the absolute sovereignty of Indonesia. The peaceful passage of foreign vessels through these waters is guaranteed as long and insofar as it is not contrary to the sovereignty of the Indonesian state or harmful to her security.

"The delimitation of the territorial sea, with a width of 12 nautical miles, shall be measured from straight base lines connecting the outermost points of the islands of the Republic of Indonesia." (Announcement dated December 13 and issued on December 14, transmitted in despatch 326 from Singapore, January 16, 1958; *ibid.*, 756D.022/1–1658)

Telegram 1593 to Djakarta, December 28, instructed the Embassy to deliver a note objecting to the Indonesian claim of a 12-mile limit and "an alleged right to utilize a straight baseline system connecting the outermost points of its islands to convert into 'national waters' vast areas of high seas freely used for centuries by the ships of all nations."

The Embassy was instructed to make the point orally that the U.S. objection stemmed from "legal considerations relating to vital United States interests." (*Ibid.*, 399.731/2–2857) Telegram 1871 from Djakarta, December 31, 1957, reported that an Embassy officer delivered the note to Suwito that day and made an oral statement as instructed. (*Ibid.*, 399.731/12–3157)

Comments

1. The internal Indonesian political situation continues in an extremely fluid state. While there is no firm evidence that Sukarno's trip is other than for health reasons, the absence of Sukarno may pave the way for political changes. There is evidence—although far from conclusive—of rapprochement between the Indonesian Nationalist Party (PNI) and the Moslem Masjumi Party which might lead to a new, stronger, non-Communist coalition government. There are also indications that the Army is preparing to take firmer measures to counter the activities of Indonesian Communists.

2. The extreme economic dislocations augur an increased civil unrest which would undoubtedly present the Indonesian Communists with an opportunity to enhance their position in the country and particularly on Java. It also appears a very likely possibility that to the degree that assistance from Free World countries is not forthcoming, Indonesia will turn to Communist bloc countries to fill the economic vacuum created by the departure of the Dutch and to obtain equipment for its armed forces.

3. The U.S. still maintains some good will in Indonesia although our Embassy at Djakarta reports that U.S. influence has been on the wane in the past few months. Any U.S. support of the Dutch position in this dispute will very seriously reduce what U.S. influence remains in Indonesia.

EUR Comment

On the other hand, failure to support legitimate Dutch interests, particularly where they are justified in equity or international law, will of course serve to weaken our leadership of the Western alliance.

Concurrence:

EUR—Mr. Torbert with additional comment noted above.

338. Telegram From the Department of State to the Embassy in Australia[1]

Washington, December 27, 1957—5:19 p.m.

258. Deptel 242.[2] Request following reply from Secretary be transmitted Prime Minister:

Begin verbatim text. I have studied carefully your message on events in Indonesia which Ambassador Spender handed to me a few minutes before my departure for Paris. I agree with you that the situation is most serious, and share your deep concern over remedial steps which we might take. I appreciate the straightforward way in which you have presented your views.

I am sure that you are aware of continuing U.S. efforts to bring home to the Indonesian Government the folly of its recent actions and to encourage moderation and restraint. I doubt that the further measures you suggest would produce the desired results. Specifically, U.S. grant aid to Indonesia in the current fiscal year is about $11 million in technical assistance, malaria control and police training—hardly a lever of major consequence. It has further been our experience in other areas that termination of aid, even of considerably greater magnitude, has not proved to be an effective political instrument. With regard to approaches at the highest level, our experience with Sukarno leads us to believe that he would not be responsive to any appeal to reason. He has admitted to us many times that he is a "fanatic" on the West New Guinea issue. Developments in past few days further raise the question of his continued ability to influence situation, and it is possible that a U.S. approach at the highest level at this time might tend to strengthen his position. This, I believe you would agree, would not be desirable.

You note our common resolve to keep Indonesia out of Communist control. It is in the interests of the entire Free World that we should not fail in this effort. We know that there are important elements in Indonesia arrayed against the growing Communist strength in that country. These same elements, while perhaps not in harmony with the timing and tactics of the present effort to gain West New Guinea, are no less emphatic on the basic validity of the Indonesian claim. Our ability to strengthen and encourage these elements would be seriously diminished by any overt action that would be regarded by all elements as outright and unconditional support of the Dutch position.

The rapid pace of developments in Indonesia and the uncertainty surrounding the internal political balance of power makes it difficult at this moment to determine the additional measures which might usefully be taken. I was happy to note the general tone of firmness coupled with moderation which characterized Mr. Casey's December

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[1]Source: Department of State, Central Files, 656.56D13/12–2757. Secret. Drafted in SPA and approved and signed by Dulles; cleared by Murphy and with FE, EUR, IO, and L.

[2]Telegram 242 to Canberra, December 12, informed the Embassy of the Secretary's conversation that day with Spender and summarized Menzies' message of that date to Dulles. (*Ibid.*, 656.56D13/12–1257) See Document 322 and footnote 2 thereto.

12 press statement.[3] I believe that we should for the time being continue to follow this line of approach, prepared at the same time for any further steps which in the light of emerging political developments show promise of restoring some measure of stability to this situation which concerns us both. I hope that you will keep me informed of your thinking on such measures as events progress. *End verbatim text.*[4]

Dulles

[3]A copy of the press statement, headed "Cabinet Discussions on Indonesia", is attached to Spender's December 12 note to Dulles, along with Menzies' message; see footnote 2, Document 322. Casey stated that the Cabinet had been giving close attention to events in Indonesia and was deeply concerned by certain aspects of them. In conclusion, he urged that the Indonesian Government "not do or permit anything which will impair the maintenance in its country of a true Parliamentary democracy or diminish the clear voice with which it should be able to speak in the councils of the nations."

[4]Telegram 348 from Canberra, December 31, reported that Ambassador Sebald had given Dulles' message to Menzies and that "Menzies appeared pleased with response but commented briefly only upon statement referring to our ability strengthen Indonesian elements arrayed against growing Communist strength. He termed this 'most important point'. Menzies referred to Washington committee as extremely useful". (Department of State, Central Files, 656.56D13/12–3157)

339. Telegram From the Department of State to the Embassy in Japan[1]

Washington, December 28, 1957—4:58 p.m.

1391. Your 1677,[2] 1693.[3] Very difficult expand remarks you have already made to Fujiyama on US position re Indonesia. We

[1]Source: Department of State, Central Files, 656.56D/12–2757. Confidential. Drafted in SPA, approved in FE, and cleared with NA and WE. Repeated to Djakarta, The Hague, and CINCPAC for the Political Adviser.

[2]Telegram 1677 from Tokyo, December 24, reported that Japanese Foreign Minister Aiichiro Fujiyama had asked Ambassador Douglas MacArthur II about U.S. views on the situation in Indonesia. The Foreign Minister had expressed the Japanese Government's concern that "economic confusion and deterioration might cause Indonesia to fall into hands of Communists". MacArthur had replied that "our position on West Irian was that of neutrality, of not taking sides with either party. At same time present situation was indeed disturbing. I said I recognized long-term importance of Indonesia to Japan, particularly in economic and trade fields, but I thought that it was important that Japan not take actions which could be interpreted as helping to dislodge Dutch." (*Ibid.*, 656.56D/12–2457)

[3]Telegram 1693 from Tokyo, December 27, reported that Fujiyama informed MacArthur that Indonesia had arranged to charter between 20 and 40 ships from Japanese shipping firms, which Fujiyama thought should help prevent Indonesia from turning to the Communists for ships, and that he intended to go to Djakarta in January to sign a formal reparations agreement, then near conclusion. He again expressed interest in U.S. views on the Indonesian situation. (*Ibid.*, 656.56D/12–2757)

view economic situation as potentially very serious with real danger Communists may move in to fill vacuum. FYI: US intervention or assistance in solving political and economic problems now under very careful consideration at highest levels Department. However situation very delicate and impossible determine what if any action US can take. End FYI.

You may pass substance following Fujiyama.

US position re Indonesia continues to be under intensive examination and study in Washington. US friendly relations with both Indonesia and the Netherlands plus extremely fluid internal political situation Indonesia (including impending Sukarno Asian trip) have placed US in difficult position in considering what course we might adopt attempt arrive solution this problem which would best promote Free World interests.

While US cannot and does not condone Indonesian actions against Dutch interests and does not wish move into position supporting Indonesians against Dutch in this dispute, US seriously concerned mounting economic paralysis Indonesia and possibility Communist bloc will eventually step into vacuum to the extent Free World nations do not. US fears present economic dislocations Indonesia may be prelude to increased internal Communist activities with enhancement position Communist party and possibility eventual Communist assumption of power.[4]

Herter

[4]Telegram 1707 from Tokyo, December 30, reported that MacArthur had orally given Fujiyama the substance of the last two paragraphs. Fujiyama reiterated "that Japanese wish to play constructive role in preventing Communists from filling vacuum in Indonesia, and to follow at same time generally parallel course of action to ours." (*Ibid.*, 656.56D/12–3057)

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340. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 30, 1957—4 p.m.

1857. Usually reliable source who claims to have discussed Indonesia's international position with Minister of Justice Maengkom recently told Embassy officer that entire cabinet, including all non-Communist Ministers, agree on seeking Soviet assistance in struggle against Dutch. Source stated that according to Maengkom, opinion

[1]Source: Department of State, Central Files, 656.56D13/12–3057. Secret.

prevails in cabinet circles that Dutch incapable assuming present firm stand on Irian unless assured of full NATO support. In view of this "prima facie" evidence of western opposition to Indonesia's national claim, government has no choice but to turn to Soviet Union.

Comment: While statements attributed to Maengkom more direct than any position yet assumed publicly by Indonesian officer, it corresponds with tone of recent speeches of Djuanda and Subandrio to effect that Indonesia feels opposed by western world, isolated from people of west and that only result can be closer relations between Indonesia and Communist bloc (Embtels 1749,[2] 1750[3]). Reported attitude of ministers as received from this source appears to be justification for purchase of Soviet arms, and statements of Mukarto from Washington (December 27) as well as comments of Subandrio (Embtel 1843[4]) and Djuanda (Embtel 1847[5]) on December 28 regarding history of Indonesia's efforts obtain arms from US have all earmarks of government's final step in justifying pending arms acquisitions from Soviet Union (OARMA CX 138[6]).

Allison

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[2]See footnote 3, Document 334.

[3]Telegram 1750 from Djakarta, December 23, reported that in a nationwide broadcast on December 21, Djuanda defended the government's policy toward the Netherlands and called on the Indonesian people to give the government the time and opportunity to solve the country's problems. (Department of State, Central Files, 656.56D13/12–2357)

[4]Telegram 1843 from Djakarta, December 30, reported that Subandrio told the press on December 28 that the question of obtaining arms from the United States had been under discussion for some time and that if the United States continued to fail to give consideration to the Indonesian requests, the government would seek arms elsewhere. (*Ibid.*, 756D.56/12–3057)

[5]Telegram 1847 from Djakarta, December 30, reported a press interview with Djuanda on December 28 in which the Prime Minister referred to Subandrio's comments on the question of purchasing arms from the United States. (*Ibid.*, 656.56D13/12–3057)

[6]See footnote 2, Document 333.

341. Telegram From the Embassy in Indonesia to the Department of State[1]

Djakarta, December 30, 1957—5 p.m.

1859. Personal for the Secretary.[2] I know how important for our country is the maintenance of our Atlantic Alliance and how recent events have made it necessary to concentrate a preponderant share of your attention on problems in Europe and the Middle East. But at the year end and with the NATO Conference behind us, I should like to make one final appeal for a new, less negative look at the problems here in Indonesia. My staff and I have thought long and hard over this situation and there is almost complete unity of thought among us, including Army, Naval and Air Attachés, about what our role should be. I honestly believe that the courses of action we have recommended in our various cables are in our own national interest, in the true long term interest of our Dutch friends and that they offer real prospect of stemming, if not at once reversing, the present Indonesian drift toward Communism. I am fast losing faith in Hatta or the Masjumi leadership doing anything effective, either alone or in cooperation with young Colonels in the regions. We therefore only have present government to work with and to keep on our side. I know that is where Djuanda wants to be.

The remainder of this cable was drafted by the acting head of my Political Section,[3] an officer whose total previous service up to ten months ago was in Europe. I mention this because I fear there may be a belief that I am anti-Dutch, and have perhaps been too long in the Far East. As I have said before, this is not an anti-Dutch policy we are advocating—it is the only possible way in which they can save anything. (End JMA)

(Begin Political)

Hard unpleasant facts in current Indonesian crisis carry urgent implications for US world position. Failure US to come forward with any proposal, suggestions, gesture of friendship or even hint of understanding nature and depth of Indonesia's struggle for national identity and international acceptance means that we are rapidly taking ourselves out of any present or potential position of real influence in this huge rich area of the world. With US of course goes also all significant Western influence, since even if changing trade patterns may bring other Western countries (e.g., West Germany)

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[1]Source: Department of State, Central Files, 656.56D13/12–3057. Secret.

[2]Dulles was not in Washington when the telegram was received. A copy of the telegram was probably sent to the Secretary as an attachment to a memorandum of January 2, 1958, from Robertson to Dulles, to which several unspecified telegrams and despatches with Allison's recommendations were attached. (*Ibid.*, 611.56D/1–258)

[3]Apparently First Secretary of Embassy Mary V. Trent.

into gap created by turn away from Holland, this would be at best only somewhat transitory and pragmatic arrangement and would not offer basis firm political and psychological orientation. Only the Communist bloc is left to supply that, and the current Asian-African solidarity conference at Cairo[4] provides up-to-date evidence of just how ready the USSR is to offer attractive propositions.

We are convinced that the Indonesians want and need American friendship, and, importantly, we feel that such a desire is not based alone on material advantages accruing therefrom. Indonesians who have any education at all have some knowledge, scanty though it be, of the US as a nation founded in opposition to colonial domination and strengthened through the agony of civil war which established national unity and abolished slavery of a colored people. To many here in Indonesia, working quietly despite internal political turmoil to weld a nation under 20th Century pressures out of this scattered collection of islands where prevalent conditions are more nearly akin to those of our 18th Century frontier, America is the guide for development here half way across the world. Despite sincere assertions of an "active, independent foreign policy", Indonesians turn naturally to America, and what they long for is not just technical or military assistance, but especially the warmth of human understanding.

The long tragic record of history in these islands provides ample reason for Indonesia's distrust of the colonial powers, and her present actions against the Dutch. These are to be explained not in terms of the last ten years, but of the last 300. (This is most important. JMA.)

Up to now America has not been tarred with same brush in Indonesian thinking, and Indonesians are hurt, disappointed and confused to see us apparently forsaking our own heritage and joining the imperial club which firmly but not very courageously bats [*bolts?*] the door against the pariahs.

Although both Sukarno and Hatta have been impressed by what they have seen in Communist China, the overwhelming evidence is that they were so impressed because they felt a community of experience and need with the Chinese people and a consequent admiration for their accomplishments. Sukarno is reported to have said following his visit to the US that he had greatly enjoyed and appreciated it all, but that America was so far ahead of Indonesia in its material achievements that he could find little in the American scene that he could usefully take back to help build Indonesia. (Same has been said to me by many returned Indonesian visitors. JMA.) If this is so,

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[4]The Afro-Asian People's Solidarity Conference, consisting of delegates from a number of Asian and African countries and colonial territories, met at Cairo from December 26, 1957, to January 1, 1958. The text of the declaration issued by the conference on January 1, 1958, is printed in *AFP: Current Documents, 1958*, pp. 1073–1074.

we are failing to present America in a way understandable to the aspiring millions of the ex-colonial areas; we are perhaps burying its essence under a mass of gadgets and stifling it in a cacophony of TV. As a result we find ourselves facing the intolerable paradox in which materialistic Communism is able to pose as the champion of the rights of human freedom, while we, true heirs of the declaration of independence, are tempted to forget or ignore the universal scope and practical, powerful appeal of those truths which for 181 years we have held "to be self-evident."

Our national experience is viewed with much interest by thinking Indonesians with respect to their own struggles. Perhaps [if?] we ourselves review it in the perspective of time and distance, the retrospection may add to our compassion for this new nation half a world away but, like every other country, now sitting on our very doorstep. We too, under much less complicated circumstances, had a period, after the departure of the colonial governors, of strife between and among regions and the weak central government, creating extreme economic and political chaos. We too, counseled by the retiring President Washington, sought a form of "active, independent foreign policy" which we called "no entangling alliances" and 20 years later in a move not totally dissimilar to Indonesia's recent proclamation of sweeping control over vast territorial waters, President Monroe told the world in effect that the entire Western Hemisphere was off bounds to colonial powers.

We wish to emphasize what seems to us the stark, unhappy fact that by US inaction in the Indonesian crisis we are adding to the "mental isolation" (as the Foreign Minister has put it) of the Indonesian people, and are leaving the scene with no other alternative for the Indonesians than the Communist bloc. Our apparent retreat is, we feel, both unnecessary and unwise. Our national character does not lack initiative, imagination, stamina, courage or compassion. All are required in this situation. Even with them, events may take a turn which we do not wish to see; but without them and without keeping open the opportunity for our presence and our influence here, we will have surrendered needlessly and tragically. The opportunity is still ours, if we but use it promptly.

Allison

Philippines

UNITED STATES RELATIONS WITH THE PHILIPPINES; UNITED STATES INTEREST IN NEGOTIATING A REVISED MILITARY BASE AGREEMENT WITH THE PHILIPPINES; PHILIPPINE INTEREST IN A REEXAMINATION OF OVERALL RELATIONS WITH THE UNITED STATES; REVISION OF THE 1946 TRADE AGREEMENT ACT; UNITED STATES INTEREST IN THE PHILIPPINE ELECTIONS OF 1957; UNITED STATES CONCERN WITH PHILIPPINE ECONOMIC AND TRADE POLICIES[1]

342. Memorandum From the Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Carney)[2]

Honolulu, January 1955.

SUBJ

U.S. Military Bases in Philippines

REF

(a) CINCPAC Secret msg 082215Z of Jan 1955[3]

1. Reference (a) notes that developments in the Pacific area, particularly the build-up in Communist power since the Korean truce and the Communist victory in Vietnam, have impressed with added urgency the necessity of expediting U.S. military base negotiations in the Philippines.

2. Unfavorable Philippine public and political opinion has caused an extended delay in these negotiations. In addition to the methods suggested in reference (a),[4] a highly effective method of converting such opinion to favor the expeditious granting of additional base areas would be acceptance by the United States of a lease, as distinguished from fee simple title, basis for acquisition of new base areas.

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[1]Continued from *Foreign Relations*, 1952–1954, vol. XII, Part 2, pp. 491 ff.

[2]Source: Department of State, SPA Files: Lot 58 D 312, Philippines: Property Rights, Folder 3. Confidential. The means of transmission of this memorandum is not known.

[3]This telegram to the Chief of Naval Operations, January 9, is not printed. (Naval Historical Center, Operational Archives)

[4]Admiral Stump suggested in the telegram that it could be discreetly leaked to Philippine officials that some U.S. Senators might block ratification of the revised U.S.-Philippines Trade Agreement Act unless base rights assurances were forthcoming from the Philippines.

3. Anti-U.S. public sentiment was incited by assertions that the granting of military bases to the United States impugned Philippine sovereignty. The invalidity of this argument could be much more readily exposed if the United States does not insist upon outright ownership or full title to Philippine land needed for new bases.

4. Even if it were possible to foresee a need by the United States for military bases in the Philippines nearly a century from now, no land we would then hold in the Philippines could legally be used for military bases after the expiration of the Military Bases Agreement of 1947.[5] It is considered undesirable, therefore, to prejudice the urgent interest of the United States in acquiring additional bases areas for essential strategic use in the immediate future by insisting upon fee simple title, when a lease will serve our purposes equally well for nearly the next hundred years. A subsidiary consideration is that presumably a lease of new bases areas for the remainder of the term of the Military Bases Agreement would cost less than fee simple title.

5. It is recommended, therefore, that the Chief of Naval Operations consider recommending that Ambassador Spruance be so instructed.

Felix B. Stump[6]

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[5]Signed in Manila on March 14, 1947, by U.S. Ambassador Paul V. McNutt and Philippine President Manuel A. Roxas. It provided the United States with 99-year leases on 23 sites within the Philippines to be used as military bases; 16 of the properties were active and the others were held in reserve. The largest of the active military reservations were the airbase complex at Clark Field in Pampanga and the naval base complex in the Subic Bay–Olongapo area in Zambales. (TIAS 1775)

[6]Printed from a copy that bears this typed signature.

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343. Memorandum on the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Pentagon, Washington, January 14, 1955, 11:30 a.m.[1]

[Here follow a list of 27 persons present, including Admiral Arthur W. Radford, General Matthew B. Ridgway, General Nathan F. Twining, Admiral Donald B. Duncan, H. Struve Hensel, Robert Murphy, Walter S. Robertson, and General Charles P. Cabell, and discussion of Admiral Radford's recent trip to the Far East comprising the first five items on the agenda.]

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[1]Source: Department of State, State–JCS Meetings: Lot 61 D 417. Top Secret. No drafting information is given on the source text. A note on the title page reads: "State Draft. Not cleared by any of the participants."

6. Philippines

Admiral Radford said that the JCS were anxious to go ahead with the Philippine base negotiations. He said that he understood that President Magsaysay has instructed Ambassador Romulo to approach the Department to request a delay.

Mr. Robertson said that the question of opening the base negotiations was complicated by the attitude of Senator Recto, who had been making inflammatory anti-American remarks.

Admiral Radford emphasized that we must get on with the matter. We have a perfectly good case. Our position is an honorable one, and we have nothing to hide. . . . In the Admiral's opinion, President Magsaysay's position is so strong that he is well situated to come to grips with Senator Recto . . . .

It was brought out that Ambassador Spruance favors negotiations now, and feels that the longer we wait the worse the situation will get. Admiral Duncan echoed the view that the passage of time was harmful to our interests, but Mr. Robertson pointed out that at the request of President Magsaysay, who had by-passed Ambassador Spruance, Ambassador Romulo had made a strong plea to President Eisenhower that the U.S. not precipitate the negotiations, and implored us to postpone them for the time being.

Admiral Radford said that he had told President Magsaysay that the matter *must* be settled. Admiral Duncan noted that the Manila Pact Conference[2] was coming up, and that it would be wise to settle this matter before then. Admiral Radford repeated that Magsaysay was much too timid: he had more power than he knew.

Mr. Murphy suggested that there was some feeling in the Department that a major political crisis would be precipitated if we pressed for negotiations at the present time. Mr. Robertson said that the Philippine Republic was one of our most valuable allies, that there were many aspects to be considered, and that the question of timing was again important. He assured the Admiral that the State Department was giving the matter urgent consideration, for decision at the earliest possible moment.

Admiral Radford said that Ambassador Spruance was anxious to leave Manila, but that he would be willing to stay on to conduct the negotiations if they took place in the reasonably near future. Mr. Robertson gave his view that there was, of course, no adequate replacement for Ambassador Spruance, who would be perfect to conduct the negotiations.

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[2]The Manila Pact (or SEATO) Conference was scheduled for February 23–25 in Bangkok. The Philippines was an original signatory of the Southeast Asia Collective Defense Treaty, signed at Manila on September 8, 1954. (6 UST 81)

Admiral Radford hammered again on the point . . . our public information program had been poorly handled. Mr. Robertson tended to agree with the Admiral's opinion about our public information program but he emphasized that according to his sources the Philippine people were psychopathic on the subject of base negotiations.

Admiral Radford did not get that impression. He said that if Magsaysay does not come to grips with Recto, he (Magsaysay) will kill himself politically.

Admiral Duncan interjected that he had recently talked to a Philippine senator who expressed a view that the time was ripe for negotiations, and that therefore it seemed that opinion in the Philippines was not unanimous on this subject. Admiral Radford nodded, and again referred to the fact the Ambassador Spruance favored negotiations now.

. . . . . .

Admiral Radford concluded that he thought that the more we wait the worse the situation will be; and that what was needed is a well-planned public relations campaign.[3]

[Here follows discussion of current trends in Formosa, Korea, and Japan and several matters affecting the Far Eastern region as a whole.]

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[3]At a National Security Council meeting that same day, Admiral Radford gave a similar assessment of his trip to the Philippines, and recommended that the Department of State change its instructions to Ambassador Spruance so that negotiations for the base agreement could be promptly undertaken. (Memorandum of discussion at the 231st meeting of the NSC by Gleason, January 13; Eisenhower Library, Whitman File, NSC Records)

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344. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, February 12, 1955.

SUBJECT

Negotiations with Philippines on Military Bases

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[1]Source: Department of State, Central Files, 711.56396/2–1255. Secret. Drafted in PSA. Concurred in by Herman Phleger, who wrote on the source text that there were "no legal problems involved." Initialed by Dulles indicating his approval and authorization for Robertson to urge the Secretary of Defense to approve the suggested action.

Discussion:

We have been negotiating with the Filipinos for several years in an effort to exchange certain military areas to which we have title but which we no longer need for certain new areas needed for the development of our base system. The negotiations have not prospered because the Filipinos hold that we do not in fact have title to any of our bases, but have, rather, only a right of military use. Publication of our position on title last February caused a general outbreak of nationalistic feeling against us, largely because of popular confusion of title with sovereignty.[2]

President Magsaysay and Phi1ippine public opinion are, however, sympathetic to our desire to improve our bases system. I believe that our course should be to seek to find a formula which would permit the President to agree to the desired exchange without raising the title question. Such a solution would involve the Philippines agreeing (1) to give us the right to use the areas we desire under the terms specified in the Military Bases Agreement of 1947, (2) to bear all the costs of so doing, and (3) to agree in principle to give us additional land in the future if military developments so require. In return we could give the Filipinos use and possession of certain areas which are surplus to our needs, and which the Department of Defense has already agreed to release. These areas are of considerable value, and should be at least adequate to reimburse the Philippine Government for the expense to which it will be put.

Our approach should emphasize the value to the Philippines of a strong American base system and the obligation of the Philippines to cooperate on defense matters under the Mutual Defense Treaty.[3] The question of title to the lands which we now occupy and will retain would remain unsettled. However, in order to arrive at a mutually satisfactory solution, we would explain to Magsaysay that under existing circumstances, and as no change in the status of these lands is contemplated, we believe the question of title to them should not be raised during the contemplated negotiations.

I believe that an exchange on this basis would be politically defensible for President Magsaysay, although it would be resisted by

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[2]In a legal opinion submitted to the Secretary of State on August 28, 1953, and published in February 1954, Attorney General Herbert Brownell, Jr., stated that the United States had a proprietary claim to title of its military reservations in the Philippines. While claiming a right to title, the United States made no claim to sovereignty over these properties. This legal distinction, which Department officials believed was not understood in the Philippines, was explained in a draft paper dated January 6, by Henry B. Day, Deputy Director of the Office of Philippine and Southeast Asian Affairs. (*Ibid.*, SPA Files: Lot 58 D 312, Philippines: Property Rights: Roper Report, Folder 3)

[3]The treaty was signed in Washington on August 30, 1951. (3 UST (pt. 3) 3947)

some Philippine senators. The President's position would be stronger if the proposal for such an arrangement came from him rather than from us.

Ambassador Spruance has taken the position that before entering into negotiations we should require the Philippine Government to recognize our title to land in the bases. He believes we need this recognition as a bargaining weapon. The proposal for a change in approach to this problem as made in this memorandum has the concurrence of Mr. Lacy.

Recommendation:

That if you approve the foregoing course of action, you urge its acceptance on the Secretary of Defense or authorize me to do so, and that after informing Ambassador Spruance, you suggest it to President Magsaysay while we are in Manila in March as a proposal coming from him.

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345. Letter From the Deputy Assistant Secretary of Defense for International Security Affairs (Davis) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, February 18, 1955.

DEAR MR. ROBERTSON: Reference is made to your letter of February 15, 1955, to Secretary Wilson concerning pending negotiations with the Philippines to satisfy certain military base requirements.[2]

We have been keenly aware that discussions to date have not prospered, and consider that some means must be found to satisfy our requirements as soon as possible. The solution adopted should be fair and equitable both to the United States and to the Philippines.

As noted in your letter, the areas which are surplus to our needs are of considerable value, particularly the lands comprising Fort McKinley. As you know, the United States acquired title to this property by direct purchase from the individual private owners. Therefore, it is felt that real estate which is surplus to our needs should not be relinquished without adequate return. It is further con-

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[1]Source: Department of State, Central Files, 711.56396/2–1855. Secret.

[2]In this letter, Robertson urged Secretary of Defense Wilson to concur with a Department of State proposal to reopen military base negotiations with the Philippines in order to improve the American base system in that country. (*Ibid.*, 711.56396/2–1555) The wording of the letter closely followed that of Robertson's memorandum to Dulles, *supra*.

sidered that any solution adopted now should not prejudice the U.S. position on title to the lands which we now occupy and will retain.

A careful review of your letter indicates that the foregoing considerations can be accommodated within the framework of your proposals. Subject to such accommodation, we therefore concur in the Department of State's proposed suggestions to be used during Secretary Dulles' discussions with Ambassador Spruance and President Magsaysay.

If this proposal is acceptable to the Philippine Government, it should be possible for our Embassy to start formal negotiations in the very near future. We would like in this connection to offer the services of Rear Admiral Goodwin, U.S. Navy, Commander, Philippine Command, U.S., as Defense adviser to Ambassador Spruance during these negotiations, which we hope can be pursued to a conclusion as rapidly as possible.

Sincerely yours,

A.C. Davis
Vice Admiral, U.S. Navy

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346. Memorandum From the Deputy Assistant Secretary of Defense for International Security Affairs (Davis) to the Secretary of Defense (Wilson)[1]

Washington, February 21, 1955.

SUBJECT

Philippine Base Negotiations

Problem:

To develop a State–Defense position regarding the initiation of formal negotiations for additional U.S. military facilities in the Philippine Islands

Discussion:

Negotiations for additional base rights in this area, which are urgently required by the U.S. forces, have been delayed for some time by a dispute regarding U.S. claim of title to the areas we now occupy under the 1947 military base agreement with the Philippines. The

[1]Source: Department of Defense, OASD/ISA Files, FMRA Records, Philippines. Secret. Drafted by James M. Wilson, Jr., Director of the Office of Foreign Military Rights Affairs, ISA.

U.S. Attorney General has issued an opinion stating that the U.S. Government does have title to such lands. Philippine legislators of the opposition party have issued an exactly contrary legal opinion. This dispute has been leaked to the Philippine press, creating a major political controversy and causing considerable embarrassment to President Magsaysay's administration.

In view of the foregoing developments, the State Department has for some time been unwilling to press the Philippine Government for the initiation of formal negotiations, despite the urgency of the U.S. requirements. After considerable discussion with representatives of the Defense Department, the Department of State has proposed a solution to the problem which, it is hoped, would make unnecessary the settlement of the title issue and would permit an early start of negotiations. This proposal was set forth in Secretary Robertson's letter to you of February 15, 1955[2] (Tab A), in which he requested that our views be forwarded prior to Mr. Dulles' departure on February 18. It is anticipated that Mr. Dulles will discuss this matter with Ambassador Spruance and President Magsaysay.

It was determined here that any solution which would permit initiation of negotiations was acceptable, provided (1) the U.S. claim to title was not prejudiced thereby and (2) the United States received adequate compensation for certain areas not now needed by the U.S. forces which will be turned over to the Philippines in exchange for new areas required by us. The proposal presented in Mr. Robertson's letter appeared to meet these two conditions.

In your absence and that of Mr. Anderson, I have sent the attached letter[3] (Tab B) to Mr. Robertson replying to his letter to you. My reply concurs in the Department of State's proposal but at the same time makes that concurrence subject to fulfillment of the two conditions named above.

Implementation:

If Mr. Dulles is successful in obtaining President Magsaysay's agreement to the proposal offered, negotiations should commence immediately. Admiral Goodwin, the designated Defense adviser, will be notified if this arrangement is acceptable to the State Department.[4]

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[2]See footnote 2, *supra*.

[3]*Supra*.

[4]On March 2, Dulles met with Magsaysay in Manila. They discussed several matters of mutual concern, including the question of United States bases in the Philippines. Dulles summarized the discussion in a telegram:

"On Philippine bases problem, Secretary suggested negotiations be started on practical basis of needs and mutuality under United States–Philippine Treaty and Manila Pact. Urged avoidance long legal wrangles over title issue. Magsaysay con-

Continued

Recommendation:

That you note the attached letter (Tab B) to Mr. Robertson.

Coordination:

The Departments of the Navy and the Air Force and Admiral Radford have concurred.

AC Davis
Vice Adm USN

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curred stating Philippines would lease lands for 99 years and then for another 99." (Telegram from the Secretary of State at Manila to the Department of State, March 2; Department of State, Central Files, 110.11–DU/3–255)

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347. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, March 9, 1955—6:28 p.m.

3214. Secretary signed and forwarded White House today memorandum[2] recommending President request legislation from Congress authorizing him enter into agreement with Philippines to revise 1946 Trade Agreement[3] according to recommendations contained Final Act of Negotiations.[4] Memorandum previously cleared by: Treasury Agriculture Commerce FOA Defense Justice Labor Interior Budget.

Dulles

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[1]Source: Department of State, Central Files, 411.9641/3–955. Official Use Only. Drafted and approved by Daniel M. Braddock, Deputy Chairman of the Philippine Trade Negotiations, and cleared by PSA and S/S.

[2]Not found in Department of State files, but apparently quite similar to a memorandum from Charles F. Baldwin to Robertson, January 14, not printed. (*Ibid.*, FE Files: Lot 56 D 679, Philippine Islands)

[3]The Philippine Trade Act of 1946, also known as the Bell Act, was approved as Public Law 371 on April 30, 1946. (60 Stat. 141)

[4]Negotiations concerning revision of the 1946 Trade Act formally opened in Washington on September 20, 1954. The chief negotiators were James M. Langley for the United States and Senator José P. Laurel, Sr. for the Philippines. On December 15, the two delegations signed a Final Act of Revision, which they agreed to recommend to their respective governments for approval. The Final Act, also referred to as the Laurel–Langley Agreement, is printed in TIAS 3348.

348. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, March 11, 1955—12:04 p.m.

3370. Your 2383.[2] This is a joint State–Defense–FOA message. Funds referred your 2382[3] being made available for primary purpose of bolstering Philippine contribution common defense effort. Similarly, additional US base requirements designed strengthen common defense contribution US forces in Philippines. Both are urgent and require closest mutual cooperation. While fully appreciating recommendation reftel to which careful consideration has been given, in view of necessity of moving ahead with Philippine defense program we believe release of funds should not be made conditional on satisfactory resolution in base negotiations.

Suggest you point out to Magsaysay necessary interrelation both matters, stressing fact that in obtaining necessary release of funds in question we must emphasize elements of both programs to Congress. You may also wish remind him further US aid in military programs inevitably dependent in large measure on degree to which Philippines cooperate on mutual defense their own country, i.e., establishment US bases which directly contribute to security of Philippines. We believe Magsaysay conversation with Secretary March 2[4] indicated his understanding importance early solution bases problem through Philippine cooperation in forthcoming negotiations. You should make sure he fully understands need for such action and ask him if he will be ready to start negotiations about May 1.

Detailed comments your 2382 will follow.[5]

Hoover

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[1]Source: Department of State, Central Files, 796.5–MSP/3–1155. Secret. Drafted in OSD and FE; cleared in OSD, FOA–Phil, O/FE, and FE; and approved by Day.

[2]In telegram 2383, March 11, Spruance recommended that $9.5 million in aid, which had recently been granted to the Philippines under the Mutual Security Act of 1954, be withheld until Magsaysay satisfactorily settled the base problem. (*Ibid.*, 796.5–MSP/3–1155)

[3]In telegram 2382, March 11, Spruance suggested appropriate projects for the $9.5 million fund and recommended that the United States maintain strict control over dissemination of the aid. (*Ibid.*)

[4]See footnote 4, Document 346.

[5]Telegram 3608 to Manila, March 28, not printed. (Department of State, Central Files, 796.5–MSP/3–2855)

349. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, May 12, 1955—7:30 p.m.

4066. Your 2922.[2] In discussion with Magsaysay and such other Filipinos as you desire you may make following points:

1) US has obligations in respect defense Philippines against Communist aggression by Mutual Defense Treaty and Manila Pact. See specifically Secretary's statement at MDT Council meeting in Manila September 4, 1954.[3]

2) US has similar obligations in respect defense Taiwan and Penghu by treaty with China and in respect resistance Communist aggression in treaty area covered by Manila Pact (our 3708[4]).

3) Our ability fulfill these obligations partly contingent on strength our bases system in Philippines.

4) Changed military needs now require adjustment in land areas contained in 1947 agreement. Primary purpose forthcoming negotiations is secure rights of use for US to areas which will permit development bases system of maximum strength.

5) We do not desire revise bases agreement with Philippines, do not require change in nature of rights granted in agreement, do not and have never asserted or hinted at sovereign control over any part of territory of Philippine Republic.

6) We do desire and need rights of use as provided in agreement in such new areas as will permit us to carry out our defense obligations.

7) We will develop and man these areas entirely at our expense. We believe Philippines can and should assume relatively limited burden of assuming all costs of making available land to be discussed in these negotiations and in such future negotiations as changing military needs may require.

If you wish you may point out that Philippine unwillingness assume cost providing land and thus contributing own defense might have serious repercussions US public and Congressional opinion affecting future US aid (our 3370[5]).

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[1]Source: Department of State, Central Files, 711.56396/5–655. Secret. Drafted in PSA; approved in draft by OSD and L/FE and in final form by William J. Sebald.

[2]In telegram 2922, May 6, Homer Ferguson, the new Ambassador to the Philippines, noted the growing hostility in that country to the United States due to the highly-emotional military base issue. He recommended that the Department of State revise its terms of reference for the upcoming military base negotiations so that talks with Philippine leaders could begin as soon as possible. (*Ibid.*) Ferguson, formerly a Senator from Michigan, was appointed Ambassador on March 22 and presented his credentials on April 12.

[3]See *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 628.

[4]Dated April 14, not printed. (Department of State, Central Files, 793.00/4–655)

[5]*Supra.*

8) We will be willing release our claim to ownership and right of use to areas no longer needed. Sale some such areas by Philippines would produce substantial revenues for Philippine Government.

9) If title question arises, you may anticipate a) we will not ask title to lands to be acquired b) we will not raise or ask Philippine recognition our title claims to retained areas, pointing out that our claims do not affect our use rights, which covered by 1947 agreement, and do not affect sovereignty.

10) Areas to be acquired involve primarily enlargement Subic, adjustment other existing areas and acquisition number fighter dispersal fields and air warning sites.

Formal instructions will be forwarded soonest.

Hoover

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350. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, June 1, 1955—7 p.m.

3141. Embtel 3122, May 31.[2] After careful consideration Laurel–Langley Agreement, I recommend strong effort be made convince Congress essentiality that agreement be approved despite difficulties of US tobacco industry.[3] We shall continue support efforts tobacco industry retain fair share Phil market. However, approval Laurel–Langley Agreement of such importance to strengthening Phil economy and promotion good Phil-US relations that highly unfavorable consequences would certainly result unless agreement approved.

In my opinion, failure approve Laurel–Langley Agreement would be interpreted by Filipino people as evidence US more interested placating domestic US tobacco industry than strengthening Phil economy. Magsaysay would accordingly be driven either to attacking US or to facing serious domestic political difficulties by charge he is US puppet. Either result would play into hands of Communists in Phils and throughout Far East.

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[1]Source: Department of State, Central Files, 411.9641/6–155. Secret.

[2]Telegram 3122 reported that the Philippine Government was delaying consideration of the revised trade agreement act pending action of the U.S. Congress. (*Ibid.*, 411.9641/5–3155)

[3]The American tobacco industry feared that a combination of Philippine quota restrictions and import duties would adversely affect the entry of American tobacco into the Philippines market. This view is summarized in a letter from Senator A. Willis Robertson of Virginia to the Secretary of State, May 24, not printed. (*Ibid.*, 411.9641/5–2455)

I have no sympathy with those Filipinos who have been attacking and threatening US Congress, merely because Congress has been giving Laurel–Langley Agreement full consideration it properly should receive. However, such attacks are merely evidence of the political immaturity of certain Filipinos and it would be unwarranted assume they represent views of Phil people. In any case, importance of approving Laurel–Langley Agreement is such that US must not allow itself become unduly irritated by such attacks.

Ferguson

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351. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, June 6, 1955—6:24 p.m.

4345. Press stories current in Manila that Trade Agreement legislation encountering growing opposition in US Congress are exaggerated. If you think desirable in order relieve anxiety and tension, you may inform Magsaysay, Chairman and Vice Chairman Philippine Economic Mission, or others legislation proceeding normally. Delay in Ways and Means Committee's consideration Philippine legislation due Committee's preoccupation other matters which had priority and not to opposition to Philippine agreement.

There is opposition from tobacco interests and it would be helpful if Philippines could give some reassurance Philippine market for US tobacco will not be entirely lost as result RA 1194.[2] Major doubt in Ways and Means Committee however surrounds revised tariff preference schedules which Members generally inclined feel lopsided in favor Philippines. Efforts being made overcome this doubt and Department still believes Congressional action will be favorable.

To support Trade Agreement bill a statement from Ambassador along lines Embtel 3156[3] but which can be shown textually to Members Congress would be helpful. Statement should emphasize unfortunate effects which rejection of revision by US Congress would have on general relations between US and Philippines. It should not refer to opposition as coming exclusively from tobacco interests. If it

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[1]Source: Department of State, Central Files, 411.9641/6–355. Secret. Drafted in FE/PTN; cleared by PSA, H, and FE; and approved by Langley.

[2]Philippine Republic Act No. 1194 of August 25, 1954, provided that all locally grown and produced Virginia leaf tobacco would be purchased by the Philippine Government. This legislation provided a favorable climate for the growth of a native tobacco industry in the Philippines.

[3]Dated June 3, not printed. (Department of State, Central Files, 411.9641/6–355)

could include a reassurance that responsible Filipino leaders disclaim intention seek further renegotiation of tariff schedules during life of Agreement that would help answer one serious question raised in Committee.

Next Committee session on Philippine trade bill probably not before June 13.

Hoover

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352. Instruction From the Department of State to the Embassy in the Philippines[1]

A–574 *Washington, June 22, 1955.*

SUBJECT

Terms of Reference for Military Bases Negotiations

Reference is made to the Deputy Under Secretary's letter of March 2, 1954 to former Ambassador Raymond A. Spruance.[2] Since Ambassador Spruance has resigned, it is desired that you continue negotiations with the Philippines on military bases.

Developments during the past year necessitate replacement of the instructions contained in the Deputy Under Secretary's letter. This instruction, which has the concurrence of the Secretary of Defense, will provide you with a description of our objectives in these negotiations and with instructions of a general nature. Detailed information regarding specific land areas to be acquired, retained or made available for release will be found in enclosures number one and number two.[3]

These negotiations have two broad objectives:

a. Changes in the areas covered by the Annexes to the Military Bases Agreement of March 14, 1947.

b. Consummation of a "property settlement" as contemplated under the Philippine Independence Act of March 24, 1934,[4] known as the Tydings–McDuffie Act and the exchange of notes on this subject accompanying signature of the Military Bases Agreement.

These negotiations should not be considered as looking toward any modification of the substantive provisions of the Military Bases

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[1]Source: Department of State, Central Files, 711.56396/6–855. Secret. Drafted in OSD and PSA; cleared in FE/EX, L, A/FBO, and G; and approved by Sebald and Hensel.

[2]Not printed.

[3]Neither printed.

[4]48 Stat. 456.

Agreement, and any request for modification of such provisions should be resisted and reported to the Department. You will note that negotiations for changes in the areas covered by the Military Bases Agreement are specifically contemplated in paragraph 3, Article I.

It is desired that the negotiations should accomplish the following:

a. Additional areas described in enclosure number one should be provided by the Philippine Government for use of the U.S. forces in the Philippines. Our rights within these areas should be those provided by the 1947 Military Bases Agreement, and should be coterminous with that Agreement. These new areas should be added to those listed in Annex "A" of that Agreement.

b. The Philippine Government should bear all the costs involved in obtaining and making available the necessary property interests in these areas to permit United States use in accord with the 1947 Bases Agreement and should undertake to settle without reference to the United States, and without any liability on our part, all public or private claims which may arise in connection with so doing.

c. The Philippine Government should at the same time agree in principle to take similar action in regard to other lands which may be required by the United States in the future as a result of the military situation. Exact locations in these cases would be determined by agreement with the appropriate Philippine authorities.

In return for these undertakings on the part of the Philippines, the United States is prepared to return to the complete control of the Philippine Government valuable areas as shown in enclosure number one.

The return of these areas should do much to relieve the considerable burden upon the Philippine budget and make it easier for the Filipinos to acquire the required additional areas. You may note that we consider that any country in which we maintain bases for mutual defense should assume the costs of land acquisitions as part of its contribution to the common defense, and that in this instance it is obvious that the strengthening of U.S. bases is of the utmost importance to the Filipinos.

It may also be pointed out to the Philippine Government that the United States is providing large-scale assistance to building up the Filipinos' own defense establishment, drawing attention to our recent provision of 9.5 million dollars for the development of Philippine training facilities and for airfield improvement. The considerable construction contemplated upon the newly-acquired areas by the United States will also be favorably reflected in the Philippine economy.

As indicated in enclosure number one, some rearrangement of Annex A and B bases is also required. If the Philippine Government

agrees to transfer to Annex A the Annex B bases or portions thereof to the extent necessary to meet our requirements as shown in enclosure number one, you may in your discretion, if necessary to improve your negotiating position, agree to drop any U.S. rights to the remaining Annex B bases or portions thereof and to abolish the Annex B concept entirely.

The U.S. is prepared to relinquish such title as it now holds to areas to be released to the Philippine Government and does not in any way intend to assert title to the new areas made available to the U.S. forces by the Philippines.

We would prefer to keep title to the areas which we now have and will retain. If, however, it becomes impossible to obtain Philippine agreement to the position set forth in sub-paragraphs a, b and c of the fourth paragraph of this instruction without turning over title to these areas, the U.S. is also prepared to relinquish such title as well, provided the conditions set forth above are met and provided the Philippine Government will guarantee that the relinquishment of title will in no way derogate from the exercise by the United States of all the rights it was accorded in these areas under the 1947 bases agreement. This would not apply, however, to areas to which we now have title and which are to be retained for diplomatic and consular purposes (see enclosure number 2).

In cases where the United States is to relinquish only a part of a larger area, necessary rights of ingress and egress and easements for telephone lines, gas lines, water pipes, power lines, et cetera, should be retained.

Negotiations should lead to agreement as to the boundaries, including technical descriptions, of the areas which we will acquire and as to the areas which we will release. Where in any given area some lands are to be released and others retained the agreement should define the areas which we will retain if there is any doubt on this score. This may be accomplished at service level if necessary.

The overall settlement with the Philippine Government should take the form of an Executive Agreement, into which the President is authorized by existing legislation to enter, as is pointed out in the Attorney General's opinion of August 28, 1953. The regulations regarding the negotiation and the conclusion of Executive Agreements are found in Chapter 200 of the Foreign Service Manual.

To assist in these negotiations the Office of the Secretary of Defense will make available to the Ambassador a representative of the Secretary of Defense, who will provide necessary legal and technical advice and will be prepared, under the Ambassador's direction, to carry on with representatives of the Philippine Government detailed negotiations. Expert technical military assistance will also be made available through CINCPAC by the Navy and Air Force. The De-

fense representative and technical military advisors will report to the Embassy as soon as you indicate the Philippine Government is prepared to open negotiations.

You should report progress of the negotiations to the Department, using the symbol "Milba" within the text of telegrams to identify the subject and the subject "Military Bases Negotiations" in despatches. These symbols will also be used by the Department. Final texts are to be considered as ad referendum Washington. Authorization to sign any agreement reached will be given you at the appropriate time.[5]

Dulles

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[5]In telegram 252131Z from CINCPAC to CNO, June 26, Admiral Stump expressed concern that the terms of reference would incite strong Philippine Congressional and public backing for Recto's proposals and might lead to ultimate loss of U.S. exclusive control over the bases at Sangley, Subic and Clark. He stressed that the retention of present bases and U.S. control over them was more important than the acquisition of additional areas. (Department of Defense, OASD/ISA Files, FMRA Records, Philippines)

In telegram 081654Z from CNO to CINCPAC, July 8, Admiral Duncan replied that while he concurred with Stump's view, he considered the additional Navy and Air Force requirements to be of strategic urgency. The terms of reference were not intended to modify the substantive provisions of the Military Bases Agreement but only to make certain adjustments in the land areas. The United States could withdraw from the negotiations, Duncan pointed out, in the face of Filipino intransigence without prejudice to present rights. (*Ibid.*)

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353. Letter From the Acting Director of the Office of Philippine and Southeast Asian Affairs (Bell) to the Ambassador in the Philippines (Ferguson)[1]

Washington, July 21, 1955.

DEAR MR. AMBASSADOR: I venture to pass this idea to you before hearing your comments on the basic bases instruction because of the concern shown by Admiral Burke and his staff, and because it continues to be our view that much public relations work needs to be done in advance of formal bases negotiations.

We have been increasingly concerned at the fact that virtually every aspect of our bases operation in the Philippines has been receiving adverse publicity during the past year, frequently, but not always, as a result of misinformation put out by Recto. We have

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[1]Source: Department of State, SPA Files: Lot 58 D 312, Philippines: Property Rights. Confidential; Official–Informal.

been making no real effort to combat this situation, either by refuting what is said or by emphasizing the vital importance of our bases to the Philippines, primarily because none of the interested branches of the Government have wanted to get into a public contest with any Filipino until we had determined precisely what we wanted in the way of a bases system and how far we would be prepared to go to get it. The instructions sent to you represent the agreed position from which we will operate, and I believe that we now can and should consider steps to improve the situation.

We feel that any public relations or educational campaign on the bases will be directly related to your negotiations and must both precede and accompany the period of formal negotiation. It seems essential, therefore, that the timing, content and nature of this work should be under your control and carried out by your staff in close contact with the appropriate officers of the Navy, the Air Force, USIA . . . . I suggest that you may wish to establish an inter-agency committee to correlate these activities, to report to you as a part of your bases staff. State and the other agencies involved intend, of course, to give your public relations group any available support you may desire. We have discussed this with Admiral Smedberg, whose office prepared CNO cable 27967[2] to COMPHILCOM on the subject. I believe you have heard from General Lovat the plans which his people have, and can assure you that we will seek specific support for you from USIA and Defense if you wish.

We agree completely with your view as contained in the Embassy's despatch number 9, July 1, 1955[3] that Magsaysay must take the basic responsibility for presenting the case for the bases to the Philippine public, but believe that we should make this task as easy as possible for him by using all the means at our command . . . to change and improve the existing negative public attitude toward the bases. A part of this effort would, presumably, be designed to assist you in convincing Magsaysay himself that the proposed revision of our lands is of such great importance that he must not allow the negotiations to fail, and that he must be prepared to insist on the necessary implementing appropriations being made by the Congress.

We believe that the proposals you will be making to the Filipinos are reasonable, and that Magsaysay can accept and support them without serious political danger. We will await with great interest

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[2]Not further identified.

[3]Not printed. (Department of State, Central Files, 711.5890/7–155)

your opinion on this matter, as well as your comments on such questions as the form and timing of negotiations.

Sincerely yours,

James D. Bell[4]

[4]Printed from a copy that bears this typed signature.

354. Memorandum of a Conversation, Department of State, Washington, July 23, 1955[1]

SUBJECT

General Conditions in the Philippines; Recto's Attack on the United States and President Magsaysay; Signing of Trade Agreement

PARTICIPANTS

General Carlos P. Romulo
Assistant Secretary Walter S. Robertson
Mr. James D. Bell—PSA

General Romulo called on Mr. Robertson today at Mr. Robertson's request.

Mr. Robertson stated that we had learned General Romulo might be returning to the Philippines shortly and expressed the thought that there were a number of matters that it might be useful to discuss. Mr. Robertson stated that we were somewhat concerned with the continuation of attacks on the United States, apparently inspired by Recto, in the Manila *Chronicle,*[2] particularly the recent articles with respect to military bases. Mr. Robertson pointed out that very little had been done to answer these attacks.

General Romulo stated that he had been ordered to return to Manila by President Magsaysay largely because Magsaysay anticipated a renewed propaganda campaign against the United States House of Representatives Agricultural Committee of an amendment to the Sugar Bill which might result in the loss of the Philippine sugar quota.[3] General Romulo stated that President Magsaysay had been

[1]Source: Department of State, FE Files: Lot 56 D 679, MC—Philippines. Confidential. Drafted by Bell.

[2]The Manila *Chronicle,* owned by the Lopez family, was one of the largest and most influential newspapers in the Philippines. Eugenio Lopez, publisher of the *Chronicle,* and his brother, former Philippine Vice-President Fernando Lopez, were influential Philippine political and business leaders.

[3]Reference is to proposed amendments to the Sugar Act of 1948. (61 Stat. 338; approved August 8, 1947)

warned that a new campaign of vituperation and misrepresentation against the United States and the Magsaysay administration would shortly be launched and that it might even include a mass meeting with inflammatory speeches. One of Romulo's principal duties in Manila would be to refute these attacks.

General Romulo said he was well aware of the climate of opinion as put forth by the *Chronicle* and Recto with respect to our military bases. He stated that the Lopez family had been in debt in the Philippines to the extent of 14 million pesos but had successfully negotiated an $11,000,000 loan from the Chemical Bank of New York at 1½ per cent, which had in effect saved the *Chronicle* from being abandoned by the Lopez family. . . .

General Romulo stated that he had recently received a letter from his son who reported that the great majority of the Filipino people still strongly support the United States and that it was only the "intellectuals" in Manila who agreed with the attacks on the United States. He deprecated the influence of the *Chronicle* and pointed out that the other newspapers in Manila, including the Manila *Times* with a circulation of 250,000, were pro-United States. He said that these other newspapers would be glad to print information in refutation of biased and inaccurate information in the *Chronicle* and suggested that the Embassy should undertake to provide such information to friendly papers. In this respect he said that the complete text of the testimony in the United States Congress on the Philippine Trade Act, which contained numerous references to Philippine-American friendship, would be published serially in unspecified Philippine newspapers. General Romulo said that he had discussed the Trade Agreement with United States Congressional leaders and urged them to take a broad view and to use the occasion to demonstrate United States continuing interest in the Philippines.

Mr. Robertson told General Romulo that according to our information Philippine Senate President Rodriguez, had suggested that Magsaysay visit the United States to sign the Trade Agreement and that we understood President Magsaysay was not adverse to the idea. General Romulo said that Magsaysay definitely did not wish to come to the United States at this time. He said that he had talked to Magsaysay on the telephone last night and that Magsaysay told him that the Department of State had agreed to have Romulo sign the Trade Agreement in Washington and that he, Magsaysay, wanted Romulo to make the arrangements immediately. Romulo indicated he expected to be able to accomplish this before leaving for the Philippines on July 31. Mr. Bell expressed the opinion that there were a great many matters to be taken care of including Philippine legislation and some kind of an agreement with respect to a Treaty–Trader type of visa before the Trade Agreement could be signed. General Romulo stated

that he had been told by President Magsaysay that the Philippine Congress would act immediately if necessary on the Treaty–Trader legislation. He asked if we would make every effort to have the Trade Agreement signing before July 31. Mr. Bell said that he would discuss the matter with other appropriate Department officials on Monday morning and would inform General Romulo of the possibilities.

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355. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, July 26, 1955—5 p.m.

264. Deptel 283.[2] Milba. My intention is to continue informal conversations with Magsaysay (see despatch 1242[3]), rather than institute "formal negotiations" in sense Dept has in mind, until point and/or time reached when other procedure appears desirable and holds promise some success.

I am convinced we must have Magsaysay's full support as condition precedent, if we are to achieve objectives set forth in terms of reference.

Ferguson

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[1]Source: Department of State, Central Files, 711.56396/7–2655. Secret. Repeated to COMNAVPHIL and the Commanding General, 13th Air Force; passed to CINCPAC for information.

[2]In telegram 283, July 22, Ferguson suggested that formal negotiations on the military base issue be deferred until the Philippine Congress adjourned. A delay in negotiations would also permit preliminary informal discussions between him and Magsaysay to begin and would allow time for the United States to initiate a public relations campaign aimed at altering the present "unsatisfactory Philippine public attitude toward bases." (*Ibid.*, 711.56396/7–2255)

[3]Despatch 1242, June 3, transmitted the text of a note from the Philippine Government. In the note, the Philippines concurred with the U.S. view that negotiations should commence soon in order to solve "once and for all" problems relating to the American military bases in the Philippines. For that purpose, Magsaysay had appointed a Philippine panel of negotiators for the forthcoming conference; the eight-member negotiating team was headed by Carlos P. Garcia, who was concurrently Vice-President and Foreign Secretary of the Philippines. Noting this development, Ferguson commented: "I do not plan to take any cognizance of the panel named in the note. Instead, on present suggestions of Magsaysay, I plan to negotiate directly with him." (*Ibid.*, 711.56396/6–355)

356. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, August 10, 1955—10 p.m.

510. Your 264.[2] Department and Defense have noted following points affecting Milba formal negotiations. 1. Inevitable preoccupation Magsaysay with election campaign as result his break with Recto. 2. Desirability of continuing informal negotiations with Magsaysay to reach full informal agreement on form and substance formal phase before it starts. 3. Probability bitter political fight developing and producing tense atmosphere not conducive objective negotiations. 4. Time needed for satisfactory progress our public relations efforts. 5. Opportunity offered Recto by electoral campaign to develop emotional pressures against negotiations if they then in progress and force Philippine negotiators into extreme position. 6. Opportunity election campaign for Magsaysay use whole issue US-Philippine defense arrangements and Recto's opposition to them as effective campaign material.

View foregoing believe it might be helpful suggest informally Magsaysay that formal phase negotiations be deferred until November. Request your opinion and comments.

Dulles

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[1]Source: Department of State, Central Files, 711.56396/7–2655. Secret. Drafted by Cuthell of PSA and Captain B.A. Robbins of ISA/FE; approved by Robertson and in substance by Robbins for OSD. Repeated to CINCPAC.

[2]*Supra.*

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357. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, August 12, 1955—6 p.m.

464. Deptels 452, 531.[2] I am satisfied from previous conversations with Magsaysay that September 15 and 19 dates would be suit-

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[1]Source: Department of State, Central Files, 411.9641/8–1255. Secret; Priority; Limited Distribution.

[2]In these telegrams of August 5 and 11, the Department of State informed Ferguson that President Eisenhower would be willing to receive Magsaysay in Denver and sign the Trade Agreement Act on or about September 15. The Philippine President could then meet with Secretary Dulles on September 19 in Washington. (*Ibid.*, 411.9641/8–555 and 411.9641/8–1155, respectively)

able for him. I am also confident from remarks he has made to me that he is still desirous travel US. I have avoided detailed discussion with him however until I can assure him he will be given type of reception (and aid) he has in mind; he made it clear at beginning that he wished make trip if he can return with grant or loan. As far as mode of travel concerned I consider commercial flight to Honolulu, VIP aircraft there on, would be advantage in present political situation and I am sure Magsaysay would recognize this. Again however I would not discuss such details until I could give definite assurance our readiness furnish Magsaysay what he considers necessary to strengthen domestic position.

I can support request for $10 million for rural development in Philippines although existing plan for CDPC does not embrace all possible projects in this area and therefore in its present scope could not effectively utilize this amount.

CDPC designed to generate self-help and more intelligent utilization of available social and technical services as well as promotion democratic process at barrio level. Possibilities development of supplemental projects such as feeder roads, pure water, irrigation, additional cooperatives and warehousing facilities are of course unlimited. Can Magsaysay be assured $10 million will be allotted for program of extra rural development projects this nature? If so believe he would want make visit.

Magsaysay's present American orientation is based entirely on objective defeating Communism. US present interest is in having him defeat Communism by putting democracy into action, by improving living standards of lowest income group or those who live on farms and in barrios. At present moment the wisdom of his choice of a hard-hitting pro-Democratic anti-Communist political program is being challenged. He feels he must seek and should have every right expect our support in helping him electrify barrio portion of the nation into action by making it possible for him to announce a dramatic program of rural reconstruction. Magsaysay has the friendship of these people but in my opinion this friendship has to be stimulated and reactivated now and then. I am convinced that $10 million could very fruitfully be spent in rural rehabilitation, not necessarily in one year but over a longer period of time and with ICA being given the responsibility of programming disbursement, etc. This is not an ordinary ICA program however because the political implications of the plan are most important and it would be essential that political potentials be taken into full consideration in any implementation of the project.

Our position with Magsaysay is such that when he is in a fight in favor of democracy and against Communism we must give him all support. Whether we or he thinks Recto is a Communist is immateri-

al; a victory for Recto is victory for Communist line and would be considered so not only here but throughout the world.

Ferguson

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358. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, August 19, 1955—6:51 p.m.

626. Additional to penultimate sentence our 610.[2]

As matter of principle and in practice Department wishes avoid associating grants of US aid or loans with visits by Chiefs of State to US. Such visits should stand on their own merits and association of aid with state or official visits creates unfortunate precedents. Loans and grant assistance must be carefully considered to determine if they are useful and appropriate and in conformity US policy objectives.

When asking Magsaysay for firm answer re visit you may give him substance our thinking this subject and explain this does not mean decision reached his proposal which still under consideration.

Dulles

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[1]Source: Department of State, Central Files, 411.9641/8–1955. Secret; Priority. Drafted in PSA; approved in draft by Sebald and in final by Frederick E. Nolting.

[2]Telegram 610, August 12, informed the Embassy of continuing efforts to obtain a decision as to the availability of funds for Magsaysay's rural development program. It also expressed apprehension that Magsaysay had not yet reached a final decision on his visit to the United States since considerable advance planning was necessary for a State visit. (*Ibid.*, 411.9641/8–1255)

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359. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, August 22, 1955—7 p.m.

546. Eyes only Robertson. Following Dept's suggestion (Deptel 610[2]) I saw President Magsaysay this morning and endeavored en-

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[1]Source: Department of State, Central Files, 411.9641/8–2255. Secret; Priority.

[2]See footnote 2, *supra*.

courage him react decision re trip without awaiting word as to availability funds for his rural program. I emphasized considerations advanced Deptel 626[3] re impossibility associating grants or loans with visits by Chiefs of State to U.S.

In response President stated and reiterated that he will not travel to US merely for purpose signing agreement if he is unable bring back financial aid. He emphasized that he has fought and is fighting Recto on issue of President's support of US, pointing out that in contrast foreign policy Recto has supported him on every domestic issue. While he, Magsaysay, has been supporting the US, Recto has made clear his dislike things American by fighting JUSMAG, American bases, and everything else American.

President stated his people will find it impossible to understand if he cannot now, following his defeat of Recto in yesterday's convention,[4] go to US and get help. Recto would laugh at him and he would "lose face in Philippines". Further, President would not have leg to stand on in negotiations re bases or anything else in which the US is involved if he is unable to get the extra money and help he needs for rural improvements.

President stated he was elected on basis his friendship toward US and US friendship toward him; in conviction Magsaysay could get more aid than any others from US he was selected candidate for Presidency and Laurel[5] dropped out of Presidential race. Magsaysay would not have tried fight Recto if he had not considered this to be our desire and if he had not felt so friendly to US. What has been accomplished up until now (and at convention) will be useless and of no help unless President can get extra aid to help his cause in the coming campaign. President is convinced even Quirino[6] received more from US than he has been able to obtain.

To further emphasize his decision this matter Magsaysay said he will not go to US nor will he run in 1957 unless he can get for his country this aid which he considers so completely justified.

Ferguson

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[3] *Supra.*

[4] At the Nationalist Party convention on August 21, Senator Recto was denied inclusion on the party's official slate of senatorial candidates. Since Recto was the leading opponent of Magsaysay's policies, this represented a significant political victory for the President.

[5] Senator José P. Laurel, Sr. His son, José P. Laurel, Jr., was Speaker of the Philippine House of Representatives.

[6] Elpidio Quirino, President of the Philippines, 1948–1953.

360. Memorandum From the Secretary of State's Special Assistant for Mutual Security Affairs (Nolting) to the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald)[1]

Washington, August 24, 1955.

The following is an excerpt from a memorandum of conversation which the Secretary had with the President on August 23:

"I mentioned to the President that we were having some trouble with Magsaysay because he indicated that he did not want to come here merely to sign the trade agreement but also to get some money, presumably $10,000,000, for the Rural Community Development Program. I said that it was contrary to our present policy to combine grants with visits of Head of State or Head of Government and that I hoped that we could adhere to that policy in relation to Magsaysay, much as we respected him and desired to respond to his pro-American policies. The President said he fully agreed and that while he would be glad to have Magsaysay at Denver, he was not willing to have that tied up with his handing a check for money to Magsaysay or anything like that. He did feel that we should be sympathetic toward Magsaysay's problems and within reason help him with them where we could."

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[1]Source: Department of State, Central Files, 796.11/8–2455. Confidential. Drafted by John W. Hanes, Jr.

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361. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, August 26, 1955—11 a.m.

596. I delivered Secretary's invitation to President Magsaysay August 24 at which time he indicated probability would not accept (this confirmed Deptel 679[2]).

Last evening after dinner at Malacanang[3] I had further conversation with President re question of financial aid and his possible visit. I presented entire picture as set forth Deptel 654[4] emphasizing that

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[1]Source: Department of State, Central Files, 796.11/8–2655. Secret; Priority; Limited Distribution.

[2]Not printed. (*Ibid.*, 411.9641/8–2555)

[3]Malacanang Palace, the residence of the Philippine President.

[4]In telegram 654, August 25, the Department instructed Ferguson to inform Magsaysay that the United States would not be willing to announce additional aid to the

Continued

all efforts being made find and program expenditure funds such as he had in mind, but that there is as yet no final answer and that the allocation of money could not be announced at time of or in connection with his trip.

Magsaysay with some vehemence said obvious U.S. policy has changed since days when Quezon[5] and Quirino received monetary "gifts" from previous U.S. administrations on visit to the U.S. Said further Americans do not understand Asian mind when they fail realize importance gifts to friendly visitors and that his people would never understand his failure return from trip this kind without concrete evidence his close relations with governing officials country with which he has so completely cooperated.

I explained that regardless his decision re trip my government would continue efforts arrange financing rural rehabilitation program and that it was possible something would be accomplished. President requested that if there is a favorable finding such a program he be advised in advance any announcement so that question of timing can be discussed and decided between two of us at this end.

In direct reply Deptel 679 Magsaysay decision is firm he will not make trip. Although alternate to his signature agreement not discussed expect Romulo's assumption is correct.

Ferguson

Philippines during Magsaysay's scheduled State visit, but would consider his aid requests. (Department of State, Central Files, 611.96/8–2355)

[5]Manuel L. Quezon, former President of the Philippine Commonwealth.

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362. Memorandum From the Secretary of State to the President[1]

Washington, August 30, 1955.

SUBJECT

Signature of Revision of 1946 United States–Philippine Trade Agreement

It would be beneficial to our relations with the Philippines for the President to designate a Special Representative for the purpose of signing the revision of the 1946 United States–Philippine trade agreement together with a protocol and related exchanges of notes, authorized in Public Law 196, 84th Congress, 1st Session approved

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[1]Source: Department of State, Central Files, 411.9641/8–3055. Confidential. Drafted in PSA.

August 1, 1955,[2] and in Public Law 419, 83rd Congress, 2nd Session, approved June 18, 1954.[3]

There is wide public interest in the agreement in the Philippines, particularly as it has been publicized as terminating residual United States economic controls over the Philippines. The signing of the agreement furthermore symbolizes to the Philippines the establishment of a new economic relationship between the two countries based on the principle of mutuality. The designation of a Special Representative would be an indication to the Philippines of the outstanding importance which the United States attaches to this agreement. It is understood that President Magsaysay's Special Representative and Ambassador at Large, General Carlos Romulo, will sign the agreement for the Philippines. The signing will take place in Washington.

It is recommended that Mr. James M. Langley, who so ably led the negotiations for the United States and who was assigned primary responsibility for the support of the legislation before the Congress, be designated as the Special Representative of the President with full power to sign the revised agreement, together with a protocol and related notes, and that the attached document dated August 29, 1955 be signed for this purpose.[4]

John Foster Dulles[5]

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[2]69 Stat. 196.

[3]68 Stat. 419.

[4]Not attached and not found in Department of State files. President Eisenhower approved this memorandum, however, and on September 6 the revised Trade Agreement was signed in Washington by Langley and Romulo. (TIAS 3348)

[5]Printed from a copy that bears this stamped signature.

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363. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, September 22, 1955.

SUBJECT

Town of Olongapo and Subic Bay Naval Reservation

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[1]Source: Department of State, Central Files, 711.56396/9–2155. Secret. Drafted by Cuthell.

As you know, a controversy has arisen in the Philippines between Ambassador Ferguson and Admiral Goodwin as to the steps which we should take to settle the question of control by the Navy over the 50–60,000 Philippine residents of Olongapo. President Magsaysay is apparently greatly disturbed at the political problems raised by our administration of a Philippine town of this size and has been insisting through his representative, Felino Neri, that the town must be put under something approximating Philippine control.

The Navy has felt, and continues to feel, that it must retain effective control over the town's administration, with particular regard to security and sanitation, if it is to maintain effective security for the entire base. When the question was first raised by the Philippine press about two months ago, Admiral Goodwin agreed with the Ambassador that an investigation of the press charges should be conducted and cooperated fully with the Ambassador and Ambassador Neri in a preliminary examination of the problem. As a result of this examination, a "waiver fee", which amounted to a residence tax, was abolished by the Navy and certain other changes were made. In addition, a Board of Navy officers was convened at Admiral Stump's direction which has now completed preparation of a voluminous report containing, we are told, more than seventy recommendations for further action to improve the town's administration and to increase participation by Philippine residents in town government. This report is now being studied by Admiral Goodwin, who will put into effect those recommendations which he feels he can, and will disapprove or refer to CINCPAC and the Navy Department those which he feels are beyond his competence.

Ambassador Ferguson believes that we must substantially satisfy the requests of the Philippine Government in regard to Olongapo, apparently because he fears that to do otherwise would produce an adverse public reaction which would affect our relations with the Philippines in general and our proposed bases negotiations in particular. For this reason he has suggested in telegrams to us[2] which have been distributed to the Navy that we give consideration to physical removal of the town to a site outside the base and that, alternatively, we consider turning over administration of the town to the Philippine Government. We believe informally that the Navy is correct in insisting upon full administrative control over a town located exactly in the middle of its major operating facility in the Philippines, and do not believe that the United States should bear any part of the extensive cost of replacing the town, but continue to feel

[2]This opinion is expressed in telegram 114 from Manila, July 13, not printed. (*Ibid.*, 711.56396/7–1355)

that we must await formal expression of the Navy's views on these questions before taking a formal position.

The Olongapo question has aroused high feeling in the Navy, and Mr. Sebald received yesterday a memorandum from Admiral Smedberg which sets forth CINCPAC's views.[3] In a discussion which Mr. Bell and Mr. Cuthell had with the Admiral and his staff yesterday afternoon we were able to reach substantial agreement as to the content of an instruction commenting on the Embassy's recommendations.[4] This instruction is now being prepared jointly at the working level in State, Defense and Navy. The first three pages of the memorandum are, however, so intemperate and abusive[5] of the Ambassador and the Department, that I feel we cannot accept them. Further comment of this sort from CINCPAC or from the Navy will serve only to make impossible the Ambassador's working relationship with the interested officers of the military establishment and will be most unhelpful in producing a settlement either of the Olongapo question or of the whole military bases problem. I understand that Admiral Stump plans to call on you while in Washington at the end of this week and suggest that you express this view to him.

The memorandum in question is attached.[6]

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[3]Dated September 21, not printed. (*Ibid.*, 711.56396/9–2155)

[4]Smedberg summarized this discussion in an information memorandum prepared on September 22. (OASD/ISA Files, FMRA Records, Philippines)

[5]A marginal notation on the source text by Young at this point reads: "This I feel strongly."

[6]Not attached to the source text and not found in Department of State files.

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364. Memorandum of a Conversation, Department of State, Washington, September 26, 1955[1]

SUBJECT

Subic Bay Naval Reservation

PARTICIPANTS

Mr. Gordon Gray, Assistant Secretary of Defense
Admiral Radford, Admiral Stump, Admiral Davis, Admiral Dennison, Admiral Burke and General Wilson, Department of Defense
Acting Secretary of State, Mr. Hoover

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[1]Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Bell. A slightly different memorandum of this conversation, prepared on September 26 by James Wilson of OFMA, is in Department of Defense, OASD/ISA Files, FMRA Records, Philippines.

FE—Assistant Secretary Robertson and Mr. Howard Jones
PSA—Messrs. Young and Bell

Mr. Robertson stated that meetings between representatives of Defense, Navy and the State Department on the "working level" had arrived at general agreement as to the best way to handle the problem arising from Philippine complaints about the Navy's administration of the town of Olongapo. He said the Department was in agreement with the Navy and Defense position, that it was not feasible to move the entire town of Olongapo and that it would not be possible to turn over the entire administration of the town to the Philippine Government. He said that he understood that the Navy was in receipt of a report made by a Special Board of Inquiry which contained a number of suggestions for improvements in the administration of the town of Olongapo. It was further understood that on the basis of this report an instruction was being prepared which would in general follow the lines agreed upon by representatives of State, Defense and Navy during the recent meeting in Admiral Smedberg's office. In essence there is no disagreement on this subject between the Department of State and the Department of Defense.

Mr. Gordon Gray said that he understood that there was no difference of view in Washington but that Ambassador Ferguson had made some recommendations with respect to moving the town of Olongapo and giving the Philippines complete administrative control which were not fully in accord with the agreement reached by the State, Navy and Defense working group. With respect to moving the town Mr. Gray stated that Navy would be willing to have everybody move or to have the entire town moved if the Philippine Government so desired and was willing to pay the cost of such a move. He said that in fact we would be willing to offer technical aid in such a contingency. He reiterated that the Navy must have administrative responsibility for the town of Olongapo. Mr. Gray suggested that it might be possible to use ICA funds to help solve some of the problems which have arisen in Olongapo.

Mr. Hoover said that this would be difficult because ICA funds were appropriated for specific purposes as laid down by the Congress and to use them on American military bases would necessitate going back to Congress. Mr. Hoover inquired as to who owned the land on which the bases were situated and who owned the buildings in the town of Olongapo.

Admiral Radford said that there was no question but that we owned the land and that the individuals living in Olongapo owned their own homes. Admiral Radford then showed Mr. Hoover a map of the highway which ran through the town of Olongapo and point-

ed out that a survey had been made for a road to by-pass the town. He said that as many as 100 buses a day passed through the town.

Admiral Burke stated that the Navy was prepared to do further planning, particularly managerial planning, with respect to Olongapo and that it would undertake to improve conditions on a step-by-step basis. He said that the sanitation at Olongapo was extremely bad by United States standards and that it must be improved. He suggested the possibility of using ICA funds for sanitation work.

Mr. Gordon Gray returned to the question of the agreed position of the working group and stated that he felt we should exercise great caution before making any specific offer to help the Philippines relocate the town of Olongapo if they wished to do so. He said he felt that we should merely indicate that we would have no objection if they wished to relocate the town and that we might be able to provide technical advice.

Admiral Radford referred to the difficulties of controlling the town and of establishing proper security safeguards, particularly in view of the Philippine propensity to bring large families into the area.

Admiral Radford stated that the highway around the city, which had been surveyed by the Seabees, if constructed would do a great deal to solve one of the most pressing problems. He said that this could be a Philippine National Highway. It was agreed that Mr. Hoover would be furnished a résumé of the report on the road project at the time of his visit to Pearl Harbor on his way to the Far East.

Mr. Robertson stated that the Department of State was fully aware of the need for better public relations with the Philippines and said that Mr. Streibert has one of his best men in Manila. He also said that since the recent visit of Mr. Saxton Bradford[2] to Manila the situation seems to have greatly improved and the various people working on Ambassador Ferguson's team have a better understanding of their duties.

Admiral Radford said that his chief concern with respect to the Philippines was on a broad basis. He cited the necessity for Magsaysay taking a strong position and really going after his enemies.

Mr. Young referred to Magsaysay's recent break with Senator Recto and the fact that Recto was kept off the Nationalista Senatorial ticket.

Admiral Radford said that he had been told by Mr. Allen Dulles that the chances were excellent for Recto to be elected. Admiral Radford said that Magsaysay had not followed through on his first vic-

[2]Assistant Director for the Far East, USIA.

tory over Recto and that he needed to get out in the provinces and actively campaign against Senator Recto.

Mr. Hoover asked if there was any time limit on the bases negotiation. Admiral Radford said "No", that they had been under consideration several years.

Mr. Robertson stated that we felt no formal negotiations should be undertaken prior to the Philippine elections, but that after the elections we should definitely press strongly ahead on the negotiations.

Admiral Radford said that he had discussed the negotiations with the Secretary of the Navy and they hoped that Artemus Gates would consent to accept the position of the Ambassador's Military Representative in the bases negotiations. Admiral Radford said that any agreement that requires the Philippines to buy land will not work as they will not fulfill their promises to purchase land for us. He cited the case of the Philippine Shipyard at Mariveles and the failure of the Philippines to provide land they promised us at Cavite.

Mr. Robertson stated that we would have to settle for deeds, not promises.

It was the belief of those present that an instruction to Ambassador Ferguson on the basis of the agreement reached at the working level by the representatives of State, Defense and Navy would be an appropriate first step in this situation.

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365. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, September 28, 1955—8:41 p.m.

1144. Joint State–Defense message. Department and Defense have completed extensive review Olongapo situation, including study your recommendations, have concluded we cannot agree Philippine control of town or its removal at US expense. Aware possible political implications our position but believe they do not warrant endangering security our major Naval area in South Pacific, heavy expense to US required or creation dangerous precedent Philippine control our base areas. Believe our position reasonable and will be accepted when fully understood by public despite misrepresentation *Chronicle*

[1]Source: Department of State, Central Files, 711.56396/9–2855. Secret. Drafted in PSA and OSD, cleared by Admiral Davis (in draft) and Sebald, and approved by Robertson. Passed to COMNAVPHIL and repeated to CINCPAC.

and others. Suggest your reply to Neri,[2] which we assume he will publish, include following points:

1. US has no desire maintain any civil community within perimeter its military installations. In addition obvious political complications involved existence such communities create grave problems in terms basic requirements effective operation military installations, particularly in fields security and health.

2. In Olongapo US faced with situation in which community grew up under circumstances for which we in no way responsible. So long as community exists within Subic Reservation its administration must be subject to overriding military operating requirements substance of which established by 1947 Bases Agreement.

3. While physical removal Olongapo to site outside Reservation would represent ideal solution practical difficulties involved make this unfeasible. We cannot expend funds this purpose but would of course not object to Philippines undertaking project provided clearly understood they must handle high costs involved.

4. Fencing off area also impracticable. Cost excessive, fence not effective as security measure and would in effect bisect base.

5. Outright turnover town administration to Philippines incompatible with basic US military requirements although increased measure participation local inhabitants in municipal government desirable and may prove feasible after further study which in progress. Point is US must retain control all elements town administration which likely affect or impinge on our effective operation of installation.

6. Philippines should recognize circumstances make continuation present basic situation inevitable for immediately foreseeable future. We do not wish usurp in any way Philippine sovereign prerogatives which are fully recognized. Question is how to work out practical means handling existing situation within terms previously agreed arrangements for establishment and maintenance US bases on Philippine territory for common defense.

7. Numerous measures can and will be taken within framework preceding considerations improve conditions Olongapo. Some will be taken now, others later after further study by higher headquarters recommendations COMPHILCOM Board review. Many of latter will be dependent on extent funds available.

8. Measures already taken improve administration indicated COMPHILCOM 220914Z July, CNO 021353Z September, and CINCPACFLT 040042Z September.[3] COMPHILCOM is taking action his 260157Z September.[4]

Regarding paragraph 3 if Philippines wish relocate town outside Reservation and desire make study to determine suitable location we would be glad cooperate and assist in any such survey within limits

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[2]On August 17, Neri wrote a letter to Ambassador Ferguson, which explained the Philippine Government's position in the Olongapo case. (*Ibid.*, 711.56396/8–1755)

[3]None printed.

[4]This telegram of September 26 to CNO listed 19 specific steps that had been taken to help defuse the Olongapo controversy. (Department of Defense, OASD/ISA Files, FMRA Records, Philippines)

local US capabilities and with understanding new site and facilities would have to be acquired entirely at Philippine expense. If such study resulted selection and acquisition new site by Philippines, which believed unlikely, we also prepared to extent funds available assist in measures designed to encourage (but not force) resettlement those Olongapo residents who might wish move voluntarily, at same time taking measures limit further increase of non-US personnel at Olongapo.

Suggest your reply to Neri include in detail measures cited paragraph 8 as well as statement we anticipate further improvements as result review Navy Board's report which now in progress.

To secure maximum public effect foregoing position suggest you consider providing full and frank briefing friendly correspondents and consider desirability releasing text your reply when delivered to Neri or shortly thereafter.

Hoover

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366. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, October 15, 1955—1 a.m.

Secun 41. From Hoover.[2] After thorough review of Phil aid program, Hollister and I are agreed that $4.2 million should be added to rural development program here and that this decision should be announced as soon as possible in order to achieve maximum impact on Phil elections Nov 8.

As to source of funds, every effort will be made by ICA Mission here to transfer various amounts from other projects but we are agreed program is fairly tight and most of money will have to come from elsewhere—either President's emergency fund or reserves. I shall discuss this aspect of matter further upon return Washington.

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[1]Source: Department of State, Central Files, 110.12–HO/10–1555. Secret; Priority.

[2]Under Secretary Hoover and John B. Hollister were in Manila as part of a tour of several Asian countries. In Secun 39, October 13, Hoover commented on the subject of additional U.S. aid to the Philippines:

"It appears clear we have problem in supporting Philippines and keeping them in stable financial position. Huge figures which have been bandied about in past on subject of additional aid are obviously unrealistic and I have emphasized that congressional program framework leaves us with very little flexibility. However, I am hopeful that with some adjustments in 1956 program planning it will be possible to give some additional aid." (*Ibid.*, 110.12–HO/10–1355) Additional information on the Hoover–Hollister trip is *ibid.*, 110.12–HO and *ibid.*, Conference Files: Lot 59 D 95, CF 534–CF 541.

Meanwhile Ambassador will explore with Magsaysay question of best method of making and timing announcement and will recommend to Department. Our present thinking is that announcement should be made in Manila by Ambassador to achieve maximum effectiveness here.

Ferguson

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367. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Acting Secretary of State[1]

Washington, October 21, 1955.

SUBJECT

Rural Rehabilitation Program; Philippines

I have gone over the background of the proposals for this program and come to the conclusion that we should recommend to you that our action on the proposals be delayed and that any announcement deemed necessary locally for political purposes prior to the Philippine senatorial election, November 8, should not come from an American source.

Our interest in this program has been intense as it is undoubtedly of great importance politically, socially, and economically, in the Philippines. However, the fact that we have been able to obtain from the Country Team so few details on the program's execution leads us to believe that it has not yet been properly thought through. Analysis of what has been made available along with the comments of a special ICA Community Development Survey Team indicate that the plan is too grandiose, top heavy administratively and, probably, based on assumptions not applicable to the Philippines.

I believe it far more important for us, and for President Magsaysay, to insure that a sound, successful program can be made part of the administration's record for use during the Presidential election in 1957 than it is to attempt a doubtful political maneuver now which could possibly risk the launching of the program on an unsound basis with resultant adverse political repercussions. I use the term "doubtful" because any announcement by the Ambassador so soon before the November 8 election would provide Senator Recto with a

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[1]Source: Department of State, Central Files, 796.5–MSP/10–2155. Secret. Initialed by Hoover indicating his approval.

potent appeal to nationalism on the ground of our interference in the election.

Should Magsaysay insist on some show of American support, I recommend we authorize him to announce that aid for the program has been promised and that "the experts" are now working out the details of how we can best assist. If questioned the Ambassador could then state publicly that the United States was convinced of the necessity for the program.

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368. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, October 23, 1955—3 p.m.

1189. For Robertson. My 1137.[2] After careful study instruction Deptel 1144,[3] in which experienced and responsible members my staff have joined, I feel I must in strongest terms request reconsideration. I believe that one of our most difficult problems with nations friendly to us is how we can operate military bases within their territory during peacetime. What we do in the Philippines will have a tremendous effect on solution of this problem. We have long and [*had*?] very favorable terms in the Military Bases Agreement. I do not believe that we will have to change those terms or the basis of those that we might get in the future if we use some tact in solving the Olongapo and other problems that may confront us.

Reference to "possible political implications" in first paragraph Deptel is understatement of most extreme nature; the implications are positive, they endanger our position in not only Philippines but entire region (and possibly entire world) in terms of good will and cooperation of other governments. With strict reference to Philippines, delivery and publication (almost certain Neri will release to press) of communication such as suggested by reftel would offer potent weapon Magsaysay's enemies and even worse could very possibly alienate him from present attitude of friendship for U.S. to one of bitter, disappointed enmity. He is engaged in serious struggle over issue of subservience to U.S.; if now or immediately following elections (and regardless of outcome these elections) I were to reply to Neri as suggested, there is definite possibility or even probability

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[1]Source: Department of State, Central Files, 711.56396/10–2355. Secret; Limited Distribution.

[2]Not printed. (*Ibid.*, 711.56396/10–1855)

[3]Document 365.

Magsaysay might decide demonstrate how tough he can get with Americans. It must be remembered: (1) Magsaysay is already resentful of our refusal to agree that he go to U.S. for purpose of bringing back financial assistance; (2) he has never lost a political controversy before; (3) he is moody and unpredictable; (4) he might very easily blame Americans for leading him into break with Recto in first place; and (5) those people who shrug off Recto's attacks on us would go along wholeheartedly with Magsaysay if he should turn on us.

Turning to numbered points of Deptel, following comments appear highly relevant to me:

(1) Statement U.S. has no desire maintain civil community in Olongapo is unrealistic. Fact is such community exists, has long existed and we intend continue its existence.

(2) Claim that circumstances under which community grew up not our responsibility highly debatable. Fact is population increased four-fold in last four years, while Navy has exercised complete control as to who permitted enter or reside Olongapo and even over what buildings can be constructed.

(3) This in my opinion is utterly pointless. Suggestion Philippines may move community their expense gratuitous and irritating since everyone knows project far more impossible for them than for us.

(4) Cost may seem excessive but if it would contribute in any way to solution of problem which will be with us during next 90 years it might be justified. It should be borne in mind, of course, fencing implies demarcation limits Olongapo.

(5) (6) (7) These paragraphs restate the problem but absence of firm suggestions for compromise convey nothing further than ambiguity and indecision. Vague promises of something for the future would, I am convinced, be interpreted by all Filipinos as typical brush-off. If concessions are possible, other than token ones so far extended, we should make them now and not try to offer meaningless assurances of possible consideration in future. I believe that Filipinos recognize Olongapo cannot be run as ordinary municipality and that concessions would (and should) be extended which would satisfy Filipinos and with which Navy could live. This, I am satisfied, is crux of whole matter and is the one point on which we must give Magsaysay some satisfaction. As I pointed out in despatch 338,[4] Neri told me on Sept 14 that if something in nature of self-govt cannot be given Olongapo, he and I must recognize our efforts to correct situation will have been fruitless. Consequently there is no point in reviewing what has already been done locally (point 8) since Neri has indicated he considers measures inadequate from Philippine viewpoint (see my despatch 384[5]).

I can only repeat my recommendation in strongest terms that entire matter be further considered with most careful attention given

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[4]Dated September 15, not printed. (Department of State, Central Files, 711.56396/9–1555)

[5]Dated September 27, not printed. (*Ibid.*, 711.56396/9–2755)

to possible specific concessions or compromises we can offer in area of Philippine self-govt at Olongapo without sacrifice of security our bases and their operation.

Deptel reference in first para to "control" of town seems to indicate misunderstanding of what Filipinos want and what would satisfy them. They want: (1) police and court powers over violations of Philippine law; (2) operation of their schools; (3) elimination of charges on their citizens which create "double taxation"; and (4) elimination of fees for ID cards (which could be replaced, I believe, with increased charges for building and commercial licenses). There has never been any suggestion of wanting "control" in any way that would compromise or make difficult security or other functions having a bearing on operations as a military base. Neri has spoken repeatedly of effective concurrent jurisdiction, with Philippine police and courts handling only violations Philippine law and Navy keeping entire jurisdiction over military or base security matters. I feel some mechanism to meet this desire can and should be found; I also believe there need be no conflict in exercise such concurrent jurisdiction and that it could even result in greater security. Under Secretary Hoover suggested while here, in presence Admiral Goodwin, possible deputizing as Philippine law enforcement officers of the base security officers who are now operating in Olongapo. This would seem a very minor concession to make, but I believe this suggestion, together with the existing Philippine justice of the peace courts. would offer a basis on which a settlement with the Filipinos might be reached in their demand for effective self-govt.

If Dept still feels, after considering above, that communication to Neri should be delivered as indicated ref Deptel I shall, of course, do so making every effort minimize adverse effects on U.S.-Philippine relations.

Ferguson

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369. Memorandum of a Conversation, Department of State, Washington, October 24, 1955[1]

SUBJECT

Philippine Bases

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[1]Source: Department of State, Central Files, 711.56396/10–2455. Secret. Drafted by Bell.

PARTICIPANTS

Acting Secretary Hoover
Admiral Radford—JCS
G—Mr. Murphy
FE—Mr. Robertson
Navy—Admiral Stump, Admiral Burke, Admiral Hedding, Admiral Smedberg, and Captain Ward
PSA—James D. Bell

Mr. Hoover opened the meeting by giving impressions he gained during his recent visit to the Philippines when he had an opportunity to talk to Admiral Goodwin and General Lee and to visit Sangley Point, Subic and Clark Field. Mr. Hoover also had talks with Magsaysay and members of his Cabinet. Mr. Hoover found that the Ambassador was convinced that to carry out the instructions he had received with respect to the Olongapo problem would create a major political upheaval in the Philippines. Ambassador Ferguson, at Mr. Hoover's suggestion, agreed to put his views in a telegram which was received today.[2]

Mr. Hoover then read from notes he had made on the Philippine situation. He referred to Magsaysay's difficulties, particularly the fact that although he had the support of the people he was bitterly opposed by many outstanding political leaders. Mr. Hoover stated that we should be fully aware of Magsaysay's political problems which were inevitably involved in any attempt to accept our views with respect to bases. He stated that the bases problem has a much broader significance than the narrow problems incidental to the administration of individual bases. He stated that we must realize that the U.S. Military Forces in the Philippines have the status of guests in an independent and sovereign state and that except for those contractual rights set forth in the executive agreement they have no inherent right of freedom of action as in the past. Despite this we do enjoy a preferred position in the Philippines which we, of course, wish to maintain. He expressed the fear that we might be headed into a blind alley. He stated that the two major problems of the moment were Olongapo and Military installations near Manila which we are not actively using.

Mr. Hoover strongly recommended a flexible and conciliatory attitude. For the United States to adopt an inflexible position of "standing up firmly for its rights" might cause an outright refusal of further cooperation by Magsaysay and a greatly intensified political clamor for curtailing rights which the U.S. already enjoys and might make further expansion of the present bases difficult if not impossible. Finally, Mr. Hoover recommended a public relations campaign

[2] *Supra.*

not only to improve public opinion but also directed toward appropriate orientation of U.S. personnel.

Admiral Radford stated he felt that Mr. Hoover's notes described the situation in the Philippines very well. He pointed out that he personally had had close contact with the problems of bases in the Philippines since 1945. He said that our troubles probably began when the U.S. decided to leave the Philippines and the Far East in 1945 and withdraw to Guam. He also stated that he thought we had some very poor representatives in the Philippines, both military and civilian. He pointed to what he referred to as a "give-away program" which, he stated, was in effect up until the present administration came to power in the U.S. Our basic policy underwent a change because of the Korean War when we had to build up Sangley, Subic and Clark Field. He pointed out that although President Quirino had at first cooperated he subsequently became most difficult to work with. Admiral Radford said the Filipinos had failed to carry out their bargains pointing especially to the failure of the Philippines to provide land which was promised at Cavite and to the establishment of the Mariveles shipyard on U.S. property.

Admiral Radford stated that he was instrumental in getting the Attorney General to issue an opinion with respect to our title to lands in the Philippines.[3] He also spoke at some length on the poor public relations we have had in the Philippines. He said that we have nothing to be ashamed of in our actions in the Philippines. He said it is possible to buy cooperation but that it was certainly not in our interest to do so. He reviewed the difficulties encountered by the Chinese contractor who was clearing wrecks from Subic Bay and stated that this problem was solved only after he had discussed it frankly with Mike Elizalde.[4]

Admiral Radford then suggested that the atmosphere in the Philippines and particularly the irresponsibility of the Philippine press made it inadvisable to hold base negotiations in Manila. He referred to a letter prepared by Captain Carlos Albert[5] (which has not been seen in the Department of State) suggesting that base negotiations should be held in Washington. Admiral Radford said he assumed that General Romulo is aware of this suggestion. The Admiral felt that it would be desirable to conduct negotiations in secret in Washington and get an agreed position between the two govern-

[3]See footnote 2, Document 344.

[4]Joaquin Elizalde, former Philippine Ambassador to the United States.

[5]Captain Carlos Albert, formerly a Philippine Naval Attaché, was attached to the Philippine Embassy in the United States. This letter dated October 6, not found in Department of State files, is summarized in a memorandum from James Wilson to Cuthell, November 3, in Department of Defense, OASD/ISA Files, FMRA Records, Philippines.

ments. He thought that the Philippine Press with Recto's backing would seriously hamper any negotiations conducted in Manila.

Rather than give in on what amounts to blackmail, Admiral Radford suggested that it might be better to let things ride for a couple of years rather than try and push ahead. The Admiral said that Ambassador Spruance had recognized the necessity for forcing a showdown between Recto and Magsaysay. He said one of the great difficulties was that Magsaysay, although he knows our position is an honest and correct one, trusted no Filipinos. Admiral Radford stated that in a sense the present situation was due to lack of a straight-forward policy here in Washington in the past. This was in part due to lack of interest immediately following the war.

With specific reference to Olongapo the Admiral said it might be described as one of the happiest little towns in the Philippines. He said the Navy had built a hospital and schools and there was a surplus in the town treasury. Admiral Radford again referred to some of the personality difficulties involved in this problem.

Mr. Hoover stated that the Embassy was not in a position to influence or dictate relations between the Philippines and all U.S. personnel which is one of the causes of the friction. He stated he believed that the Ambassador had a balanced view and that some of the difficulties were a matter of personalities.

Mr. Robertson suggested that the group give consideration to the specific recommendations made in Ambassador Ferguson's telegram No. 1189.[6] He read the following excerpts:

"Deptel reference in first para to 'control' of town seems to indicate misunderstanding of what Filipinos want and what would satisfy them. They want: (1) Police and court powers over violations of Philippine law: (2) operation of their schools; (3) elimination of charges on their citizens which create 'double taxation'; and (4) elimination of fees for ID cards (which could be replaced, I believe, with increased charges for building and commercial licenses)".

Mr. Robertson added that he felt that the best chance to get the matter settled is to do it now with Magsaysay and that it would be a mistake to sweep it under the rug for two years.

Admiral Radford expressed concern that any attempt to depend on Philippine courts would not prove useful as such courts have not been cooperative with us in the past.

Admiral Burke pointed out that as far as the use of police and court powers were concerned it would be necessary to spell out the regulations and agreement in the greatest detail.

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[6] *Supra.*

Admiral Radford stated that the Philippines' wishes with respect to schools had already been carried out.

Admiral Stump said that he felt that any question of maladministration in Olongapo could be and should be straightened out as it comes up.

Mr. Hoover expressed the belief that we should handle our bases problem as a package and not to try to do too much piecemeal.

Admiral Radford and Admiral Stump agreed that it would be desirable to reroute the National Highway around Olongapo.

Mr. Hoover emphasized that we should maintain a flexible position and be able to give on minor points. He said that in addition to a public relations campaign to educate the Filipinos re bases we should also make our people realize that U.S. personnel in the Philippines are there as guests of a foreign country.

[Here follows a short discussion of unrelated matters.]

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370. Telegram From the Department of State to the Embassy in the Philippines[1]

Washington, November 5, 1955—2:22 p.m.

1637. For Ambassador. Joint State–Defense message. State and Defense have carefully considered your 1189.[2]

I. Defense takes positions given below with which Department finds no objection.

a) Agrees completely last three of four recommendations your last paragraph and to the first with amplification. Agree exercise jurisdiction by Philippine authorities concurrently with US authorities in accordance your statement Neri's desires, and with Under Secretary's suggestion re deputizing officers of base security forces.

b) Specifically Defense prepared take following action re your numbered recommendations:

> (1) Permit exercise Philippine "Police and court powers over violations of Philippine laws" with amplification (1) that such limited to cases where offender and offended parties are both Philippine citizens or offense is against security of Philippines as provided paragraph 1–a Article XIII MBA and (2) police powers in such cases exercised by presently constituted police as authorized under d) below.

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[1]Source: Department of State, Central Files, 711.56396/10–2355. Secret; Priority. Drafted in PSA and approved in draft by OSD and L and in final by Robertson and Hoover.

[2]Document 368.

(2) Philippine "Operation schools" already agreed and in process implementation.

(3) "Elimination of charges on their citizens which create double taxation". While Navy cannot concede such allegations valid, since substance such charges is exclusively in nature land rent or municipal service charges, Navy has eliminated many charges and will eliminate others specifically objected to, with understanding that equivalent revenues must be derived by raising land occupancy charges or other charges of unobjectionable nature.

(4) "Elimination of fees for ID cards" is acceptable and necessary arrangements will be made.

c) Re exercise of jurisdiction, Defense agrees with Neri proposals as quoted reference telegram, with amplification given above and will be entirely satisfied with arrangements that "Navy keep entire jurisdiction over military or base security matters." It is pointed out, however, that Navy courts have never attempted to exercise jurisdiction over violators of Philippine law as between Filipinos and do not propose to do so in the future. Defense wishes it clearly understood, however, that Navy required exercise jurisdiction over violators Uniform Code of Military Justice or area commanders' regulations for administration of naval base and municipality of Olongapo, and offenses against United States, whether violators thereof Philippine citizens, U.S. civilians, or U.S. armed forces members. Otherwise Navy desires exercise minimum of jurisdiction over Philippine civilians.

d) In consonance jurisdictional agreement, deputizing law enforcement officers Subic Bay security force now operating in Olongapo may be implemented if agreeable Philippine Government. Necessarily their jurisdiction as Philippine deputies would [be] limited to policing violations Philippine law where offender and offended parties are both Philippine citizens. Furthermore, as stated COMPHILCOM(US) 260157Z Sep,[3] the Navy will deliver promptly all Filipinos violating Philippine law to Philippine Courts.

e) In further implementation concurrent jurisdictions, Navy prepared grant as a right (in lieu "courtesy", as at present) that Judge Court of First Instance at Iba may, if he desires, hold trials in Olongapo Reservation of cases involving violations Philippine law in which offending and offended parties both Philippine citizens.

II. In addition above measures Department suggests you make full use Navy plans augment self-government at Olongapo by (1) inauguration completely elective Olongapo Municipal Council, to be chosen by residents, (2) elimination appointed members, (3) reduction eligibility vote for Council members to two years residency instead five years, (4) allowing Council have larger scope of participation in municipal affairs and greater powers of initiative.

FYI Defense feels that concessions beyond these, however, would jeopardize U.S. exclusive control of U.S. military bases and

[3]See footnote 4, Document 365.

would prejudice the long run strategic value of U.S. bases in the Philippines to the detriment of the Philippines national security as well as that of the U.S. End FYI.

III. Method and timing use measures authorized above in discussions Philippine Government on Olongapo problem or in relation property settlement negotiations are left entirely to your discretion. COMNAVPHIL can supply advice regarding timing of and details re implementation these measures.

Hoover

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371. Editorial Note

In the Philippine senatorial election of November 8, Magsaysay's Nationalist Party scored an overwhelming victory. Eight of the nine contested senatorial seats were won by Nationalist Party members loyal to the President. As a result of the election, Liberal Party opposition in the Senate was virtually eliminated.

Regarding the election results, Acting Secretary Hoover issued the following instructions:

"In your discretion request you convey Magsaysay my personal congratulations both manner in which elections conducted and apparent results. As Chief State he may take pride in former. Latter appear indicate clearly that real majority Filipinos believe in and support him and his policies more strongly than ever." (Department of State, Central Files, 796.00/11–1455)

The Philippine elections were also briefly discussed at the November 16 meeting of the National Security Council. In his summary of significant world developments affecting United States security, Allen Dulles commented:

"Mr. Dulles described the results of the elections in the Philippines as a striking victory for Magsaysay as well as for U.S. policy vis-à-vis the Philippines. The opposition charge that Magsaysay was a particular friend of the United States had assisted rather than harmed Magsaysay. Some of the satisfaction which the U.S. should derive from the elections has been qualified by the fact that Laurel has decided to join hands with Recto and will lead the opposition to Magsaysay in the Philippine Senate." (Memorandum of discussion at the 266th meeting of the National Security Council by Gleason, November 16; Eisenhower Library, Whitman File, NSC Records)

372. Telegram From the Department State to the Embassy in the Philippines[1]

Washington, November 29, 1955—5:02 p.m.

1929. Appreciate your 1567.[2] It appears that President Magsaysay does not understand extremely grave consequences if Philippines fail honor commitment to admit tobacco. It imperative Magsaysay his Cabinet and principal advisers fully appreciate probable repercussions if tobacco not admitted. You will recall that there was introduced in last session Congress amendment to proposed sugar bill which would provide for suspension of sugar quota of any country that discriminated against importation American agricultural products.[3] The adoption of legislation this nature would obviously constitute a major threat to Philippine's principal source of foreign exchange, if they failed avoid action construed as discriminatory in U.S. We have been informed Philippine Cabinet will consider tobacco question November 30.

In addition to view expressed our 1915[4] President and other Philippine leaders should have full understanding relationship tobacco question and sugar. In our view decision not to admit this nine million pounds tobacco particularly in view reluctance to accept PL 480[5] tobacco might have such extreme consequences to Philippine-

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[1]Source: Department of State, Central Files, 411.9641/11–2955. Confidential; Niact. Drafted by Jones and Bell, cleared in substance in E, and approved by Robertson.

[2]Not found in Department of State files, but telegram 1570 from Manila, November 30, commented on telegram 1567. Ferguson reported that he had informed President Magsaysay on November 29 in the "strongest of terms" that "extremely grave consequences" would result if the Philippines refused to admit nine million pounds of American tobacco into that country which it had previously agreed to purchase. (*Ibid.*, 411.9641/11–3055) Additional documentation on this subject, as well as many related matters affecting commercial relations between the United States and the Philippines, is *ibid.*, 411.9641.

[3]Reference is to proposed amendments to the Sugar Act of 1948. (61 Stat. 338; approved August 8, 1947)

[4]In telegram 1915, October 19, the Departments of State and Agriculture explained that the nine million pounds of American tobacco had been shipped to the Philippines on November 28 on the assumption, which had been confirmed by the Embassy, that the Philippines would admit the shipment before January 1, 1956. Repudiation by the Philippines of an agreement which had previously been reached would leave the United States with no alternative except to return the tobacco to the United States incurring substantial financial loss. (Department of State, Central Files, 411.9641/10–1955)

[5]Since June, the United States had been attempting unsuccessfully to conclude a trade agreement with the Philippines under Public Law 480. P.L. 480 (68 Stat. 480), passed on July 10, 1954, was designed to help dispose of U.S. agricultural surpluses by increasing the consumption of U.S. agricultural commodities abroad. The United States sought to conclude a $19.5 million sale of American tobacco to the Philippines under this law, but Philippine officials, anxious to protect their native tobacco industry, were reluctant to accept American terms.

US relations and Philippine economy that we believe a further conversation with President Magsaysay to make sure he understands all implications is necessary.

In conveying substance this telegram to Magsaysay impress urgency we view this matter.

Dulles

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373. Memorandum From the Second Secretary of Embassy in the Philippines (Brand) to the Counselor of Embassy (Walker)[1]

Manila, November 30, 1955.

SUBJECT

Problem of United States Bases

At present the United States has bilateral security treaties with the Philippines, Japan, Korea, and Nationalist China. Under the treaty with the Philippines, the United States has established a major air force base at Clark Field in Central Luzon and a major fleet and fleet air base at Subic Bay, just outside Manila Bay on the west coast of Luzon. In addition, there is a Naval Air Station at Sangley Point in the City of Cavite in Manila Bay, and a port unloading facility in the harbor of the City of Manila, which serves Clark Field. We claim, in addition, title to several obsolete military installations once operated by United States Armed Forces in prewar days.

With the successful revision in 1955 of the Bell Trade Act governing economic relations between the Philippines and the United States, the question of the administration of military bases in terms of Philippine-United States bilateral base agreements has become easily the most important issue troubling United States-Philippine relations today. Various questions of interpretation have exploded several times during the past year, and the whole problem, although relatively quiescent at the moment, smolders on, providing a ready source of inflammatory material for those Filipino politicians who favor a sharp change in Philippine foreign policy to a more "nationalistic and independent" line, evidently along the lines of the Indian or Indonesian positions.

This group of opposition leaders argues that Philippine independence is not, in fact, complete, but that the United States is still

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[1]Source: Department of State, SPA Files: Lot 63 D 51, Base Negotiations. Confidential.

in control of the country even though the visible forms of control have gone. For this political group the United States bases are a constant source of political ammunition. First, they have interpreted the United States position on the question of ownership as a United States claim to extraterritoriality and to United States sovereignty outside Philippine jurisdiction. This impression has become widespread, partly because the Filipinos have not understood the complicated and theoretical legal argument that the United States retains legal title to installations now operated by the Philippine Armed Forces and to parts of the existing United States bases. More important, this impression of United States sovereignty has been bolstered by the methods by which the bases have been administered by the United States Armed Forces. At Subic Bay, a city of 65,000 Filipino citizens (Olongapo) has been built inside the United States base and is administered under the supervision and regulation of the United States military authorities. A controversy between its citizens over the dismissal of the high school principal became an international incident of the first magnitude recently when United States Navy authorities became involved in their role as the city's real guiding authority. At the same time an equally serious furor arose over the question of Filipino citizens transiting the Subic Bay Base via Philippine National Highway No. 7, which passes through its heart. In this case United States Navy authorities insisted that civilians in transit from Manila to Zambales Province disembark from buses and submit to thorough search, even though they had no intention of remaining within the base. In both these cases, the problems, although patched up temporarily, will surely return in these or other forms to keep the issue burning brightly.

Yet there is little sign that United States military authorities have realized that these issues, which are relatively unimportant to them, are reinforcing the popular belief that United States bases infringe on Philippine sovereignty and thus corroding the basis for the excellent existing Philippine-American relations, one of the best strategic assets the United States has in the Far East. The military authorities seem to view this basic problem complacently and seem content to resolve individual "symptoms" only as each one flares up.

If the United States is to maintain its strategic military position in the Pacific Area, it is essential that the nagging problems of ownership and administration of our bases in the Philippines be solved promptly. We cannot afford to let these relatively minor issues continue to poison Philippine-American relations, thus strengthening the anti-Americans and neutralists in Philippine politics and thus possibly eventually threatening the bases themselves and our strategic position in the Far East. Continuing to ignore or to depreciate the importance of these problems merely feeds the basic resentment which

the political opposition is cultivating. From a political and strategic point of view, the United States Government will have to revise its approach to the questions of ownership and administration of these bases in the light of our base agreements with other sovereign nations, if it is to maintain the reservoir of good will which we have in the Philippines.

Suggestions for Remedying the Situation

Renegotiation of our base agreement is long overdue and should be started soon. However, at such negotiations it would be poor strategy to continue claiming ownership of military property in the hope of trading this claim for concrete commitments from the Philippine Government. The mere reiteration of the ownership question is apt to raise enough resentment to threaten the success of any discussion in which it is raised. Further, U.S. military authorities must be prepared to take steps to solve the problems arising out of administration of the bases. The status quo cannot be continued in the wishful hope that outbreaks of protest are merely the scattered work of "anti-Americans". The argument of base security cannot long be used as a coverall to prevent Philippine authorities from exercising jurisdiction over their own citizens inside United States military bases. Therefore, their citizens' daily life must be separated from the bases themselves. The United States Government must be prepared to take drastic action, including considerable expenditure to correct situations where at present large masses of Filipinos live in or transit military areas in which security is a paramount requirement.

The overall solution need not be a difficult one. It is to approach negotiations with the understanding that the Philippines is truly a sovereign nation and must be treated as one. With such an attitude the United States can successfully conduct negotiations to produce an agreement which, while it protects the essentials of United States military security in the Far East, accepts a relationship with the Philippines which does not constantly exacerbate their normal national pride. We must establish here the same equal and mutually beneficial relationship which we have established with other free allied nations in other parts of the world.

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374. Editorial Note

On December 29, Admiral Radford and Secretary of the Navy Charles S. Thomas, who were visiting several countries throughout

the Far East, arrived in Manila. That evening Magsaysay gave a formal dinner in their honor. After dinner, Radford asked Magsaysay if he would authorize Ambassador Romulo to conduct negotiations with Radford in Washington regarding the military base issue. Magsaysay replied in the affirmative. No record of this conversation has been found, but the substance of the discussion is summarized in a letter from Benjamin Bock, Attaché at the Embassy in Manila, to Cuthell, January 3, 1956. (Department of State, SPA Files: Lot 63 D 51, Property Rights Folder Number 1)

Radford had suggested holding the negotiations in Washington at an October 24 meeting between Departments of State and Defense representatives, but his recommendation was not endorsed at that meeting. (See Document 369.)

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375. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, January 9, 1956—6 p.m.

1865. Eyes only for Robertson. Your 2331.[2] Although there is no question of competence of both Radford and Romulo discuss problem to mutual satisfaction both governments, I agree with your evaluation (3rd paragraph, reftel) regarding unwisdom holding bases conversations Washington. Such move could be interpreted as "running away" from political question on which Philippine press and certain segments of Philippine officialdom hold strong views.

It should be borne in mind that bases question is a hot, crucial issue and that any agreement on the Romulo–Radford level would have to be implemented here. If the resultant agreement were to be unpalatable to some Philippine politicos: (1) it probably would not be confirmed by the Philippine Senate; and (2) there is every probability that Romulo would be disavowed by the President on the ground that Romulo did not carry out the President's instructions

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[1]Source: Department of State, Central Files, 711.56396/1–956. Secret.

[2]In telegram 2331, January 7, Robertson referred to Radford's December 29 conversation with Magsaysay during which the Admiral suggested holding the military base negotiations in Washington. (See the editorial note, *supra*.) Robertson informed Ferguson that the Department of State urgently needed his "frank assessment" of Radford's proposal before making any decision on it. (Department of State, Central Files, 711.56396/1–756)

which, from the very nature of the subject matter, could hardly be given in minutest detail.

. . . . . .

In the final analysis Magsaysay, reluctant though he is to tackle the problem, is the only one in a position to make commitments for the Philippine Government on this issue. I believe the reason Magsaysay seized Radford's suggestion might have been that this was a means of ridding himself of a "hot potato".

Assume you will discuss question with Radford.

I would be happy to have assistance Admiral Stump for formal talks here.

I am so anxious that we successfully complete these negotiations that I ask you to consider Admiral Radford's suggestion, not withstanding my comments, for if he can do the job I want him to do it.

Ferguson

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376. Memorandum on the Substance of Discussions at a Department of State–Joint Chiefs of Staff Meeting, Pentagon, Washington, February 10, 1956, 11:30 a.m.[1]

[Here follow a list of 22 persons present, including General Maxwell D. Taylor, Army Chief of Staff; Radford; Burke; Cabell; Murphy; and Robertson, and discussion of unrelated subjects.]

Turning to the Philippines, Admiral Radford reported that he had never before seen President Magsaysay so calm and self-confident. Magsaysay had told him that now for the first time he felt himself on top of the political situation in the Philippines. The President had said that on his election to the Presidency of the Philippines he had found he had not really been admitted to the political party he was leading. However, after the recent elections he is now in full control of his party. Magsaysay had raised the question of slowing down somewhat on our military aid program and using the money for "digging wells" and similar projects. Admiral Radford remarked that such projects could not be undertaken with military aid funds.

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[1]Source: Department of State, State–JCS Meetings: Lot 61 D 417. Top Secret. No drafting information is given on the source text. A note on the title page reads: "State Draft. Not cleared by any of the participants."

In a comment on the current base negotiations, Admiral Radford declared that the basic agreements should be arrived at here in Washington, away from the glare of publicity in the Philippines and involvement in local politics. Once basic understandings were reached, the agreement could be signed in Manila. General Taylor remarked that the Army wants to have the right to put troops in the Philippines, but that that does not mean it wants to put them there now. He commented that President Eisenhower does not want to put troops into the Philippines now, no matter what our legal rights may be.

[Here follows discussion of unrelated subjects.]

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377. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Deputy Under Secretary of State for Economic Affairs (Prochnow)[1]

Washington, February 14, 1956.

SUBJECT

Recommendation to the Export-Import Bank Regarding Loans to the Philippines

Problem

What support should the Department of State give to Governor Cuaderno's[2] request for financial assistance from the Export-Import Bank?

Discussion

1. The Philippine external financial position has deteriorated seriously in the past year posing serious economic problems for the Philippines and for U.S. economic policies toward that country. Philippine foreign exchange reserves now total about $220 million, a drop of about $100 million in the past fifteen months. This fall primarily has been the result of increased imports designed in considerable measure to encourage economic development. According to the Philippine Central Bank, the present low level of reserves will necessitate a drastic cutback in exchange allocations for imports of capital equipment necessary for the establishment of new enterprises. Exchange allocations for imports of consumer goods already have been

[1]Source: Department of State, Central Files, 896.10/2–1456. Confidential. Drafted in PSA.

[2]Michael Cuaderno, Governor of the Central Bank of the Philippines.

sharply cut in recent months and the Bank fears that inflationary pressures soon will be evident, partially as a result of this action.

2. Pressures for expanded economic development in the Philippines are intense from all quarters. A powerful economic group, spearheaded by representatives on the Philippine National Economic Council is advocating a program of increased deficit spending, various financial measures which probably would lead to devaluation, and large-scale loans from the United States (variously proposed at from $½ billion to $1 billion). The other economic grouping headed by Governor Cuaderno of the Central Bank fears the inflationary effects of large-scale deficit spending and devaluation on the political stability of the Philippines and advocates a continuation of the present relatively conservative financial policies for the next few years. Their expectation is that the increased investment in foreign exchange earning and foreign exchange saving industries will result in considerable improvement in both the internal and foreign exchange position of the Philippines.

3. In view of the current foreign exchange crisis, Governor Cuaderno has come to the United States, reportedly at the request of President Magsaysay, in order to seek from the Export-Import Bank a loan of $10 million and an additional line of credit of $20 million designed to help tide the Philippines over this interim period. The $20 million line of credit would be similar to the $5 million line which the Export-Import Bank has already furnished the Philippines for financing the foreign exchange component of small industrial loans and which has been relatively little used to date.[3] According to the Central Bank, a reason for its non-use is that any credit in excess of $100,000 must be referred to Washington for approval and that this discourages applicants. Governor Cuaderno is requesting authority to approve loans up to $1 million without reference to Washington, with the understanding that if the Export-Import Bank disapproves any of the loans, the Central Bank would grant the dollars out of its own reserves. It is believed that most of the other factors which caused the non-use of this credit have been largely cleared away and more active use may be expected in the immediate future.

4. Ambassador Ferguson (Embassy telegram 2019[4]) stated that if Governor Cuaderno does not come back from the United States with concrete results, such as an increased Export-Import Bank line of credit and liberalized Export-Import Bank procedures there is considerable likelihood that "Philippine financial policies will undoubtedly take an increasingly inflationary turn with results which I believe

[3]This loan agreement was concluded in July 1954.

[4]Dated January 23, not printed. (Department of State, Central Files, 033.9611/1–2356)

will be detrimental to the Philippines and to U.S. objectives in this country".

5. FE supports Ambassador Ferguson's views regarding the importance to U.S. objectives in the Philippines of a satisfactory response to the Philippine request for assistance. The Philippines is unique among Asian countries in that the initiative for economic development activities is primarily in the hands of private entrepreneurs rather than in the hands of government. Sympathetic consideration of the Philippine request by the Export-Import Bank will permit and encourage a continuation of this Philippine policy while a negative response may well force President Magsaysay to take economic measures which would discourage the inflow of foreign capital and lead to increased governmental intervention. Furthermore, the increased deficit spending which will probably occur if the Philippine request were denied would create considerable social discontent against the Magsaysay administration and could very well result in the latter being less sympathetically inclined toward the U.S. and in the longer run in the election of an administration far less friendly to the United States. Finally, the Philippine Government at the moment is exceedingly upset at U.S. actions in the fields of tobacco disposal and sugar legislation, which in the Philippine view show little consideration for legitimate Philippine interests or sensitivities. A negative response on the present Philippine request at the same time that we are entering into very delicate military bases negotiations with the Philippines will make successful negotiation of this important agreement exceedingly difficult.

6. The attached memorandum[5] from the staff of the Export-Import Bank to the Board of Directors implicitly recommends that the Bank make a $50 million to $100 million loan commitment for use during the calendar years 1956 and 1957 to be used, presumably, through the establishment of line of credit for project-type assistance and the expansion of the small industrial loan program now made available to Philippine commercial banks by the Export-Import Bank.

Recommendations

In view of the implicit recommendation of the Bank's staff it would appear desirable to agree to the adequacy of a $50–$100 million loan commitment for calendar years 1956 and 1957. If agreement is obtained on this overall recommendation, the specific mechanisms for carrying out this proposal more effectively might be the following:

1. Raise the present $5 million line of credit to Philippine commercial banks to $20 million. The Central Bank should also be given

[5]Not attached to the source text and not found in Department of State files.

the authority to approve loans up to $500,000 (rather than the $1 million requested by Governor Cuaderno) without prior reference to the Export-Import Bank. If any loans are disapproved by the Export-Import Bank on post audit, the Central Bank would agree that the dollars would be provided out of other Central Bank funds.

2. Establishment, for the account of the Central Bank, of a line of credit of $10 million for the purchase of capital equipment for the United States by private entrepreneurs. (This line of credit to the Central Bank would differ from the one proposed under recommendation No. 1 in that it would be to the Central Bank and not to commercial banks. The same post-audit procedure under recommendation No. 1 could be followed here.)

3. Establishment of a $30–$50 million line of credit for large-scale project assistance which would enable the Philippine Government, or private firms, to turn to the Export-Import Bank as a source of foreign exchange when they have complete projects to show the Bank (rather than individual applications for importation of capital equipment). Although Cuaderno has not specifically requested this, the Export-Import Bank memorandum indicates they are willing to make an accommodation to President Magsaysay's view, as reported by Cuaderno, for the need of additional assistance for large-scale economic development projects.

The above recommendations would appear to meet the Philippine requirements in almost all respects. The line of credit proposed under recommendation No. 1 would enable the Export-Import Bank to be a source of dollar financing to Philippine applicants who have to borrow from commercial banks in order to purchase industrial machinery; the credit line in the second recommendation would permit dollar financing by the Export-Import Bank for those firms which have the peso capital and do not therefore have to borrow from commercial banks. It would remove the foreign exchange burden, however, from the Central Bank. The credit line under the third recommendation would be available for large-development projects in the Philippines under consideration by the Philippine Government or by private firms.

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378. Memorandum for the Files, by the Officer in Charge of Philippine Affairs (Cuthell)[1]

Washington, February 15, 1956.

SUBJECT

Export-Import Bank Arrangements with the Philippines

[1]Source: Department of State, SPA Files: Lot 61 D 26, Economic and Financial Policy and Planning. Confidential.

At this morning's meeting between Mr. Robertson, Mr. Prochnow and the Directors of the Export-Import Bank, Mr. Waugh stated that the Directors were prepared, subject to the approval of the Departments of State and Treasury and the ICA, to grant to Governor Cuaderno credits in the amount of $50 million. These credits would be divided into two portions:

1) $15 million, which would be additional to the $2.5 million which remains unspent and uncommitted of the extant $5 million line of credit. This would be a five-year loan or line of credit to the Central Bank (apparently Cuaderno will be offered the choice between taking it as a loan or as a line of credit). The total amount available to the Philippines under this heading is, thus, $20 million less the spent or committed portions of the original $5 million, i.e., $15.7 million. The Bank has not reached a final decision about the interest rate, but is most anxious that loans made under this heading be processed by the IDC.

2) The Bank will earmark $35 million for project loans in both the public and private sectors of the economy to be approved on a case by case basis.

In regard to item (1) Mr. Waugh said that the Bank was unwilling to raise the present ceiling of $100,000 which governs the size of loans the Central Bank may approve without Export-Import Bank pre-audit. In subsequent discussion, it was brought out that there is no objection, however, to the Central Bank making a loan by earmarking dollars in its reserves and then submitting the project in question to the Export-Import Bank for approval. The Bank would be willing to consider such projects on their merits and, if it approved them, Cuaderno could shift the loan from his reserves to the Bank. Since the Bank is willing to expedite the approval of projects (Mr. Blowers said he thought the Bank would even be willing to send a representative to Manila for the next few months) in practice Cuaderno would often be able to grant a loan from his reserves, have it approved by the Export-Import Bank and shift the loan from his reserves to the Bank without having to do more than temporarily earmark any of his own funds.[2]

[2]On March 9, the Export-Import Bank approved this proposed loan of $65 million. Additional documentation on the loan agreement is *ibid.*, FOA–ICA Files: Lot 61 D 32, Box 310.

379. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Secretary of State[1]

Washington, February 21, 1956.

SUBJECT

President Magsaysay's Visit

Discussion:

In early January the President invited President Magsaysay to visit the United States, being in Washington from April 4 through April 6.[2] In a number of exchanges of telegrams with our Embassy Manila and in conversations with Ambassador Romulo, President Magsaysay has made it clear that he does not feel he can come to the United States unless we are prepared to give him something of real importance to the Philippines to take home from the visit.[3] The President has failed to understand fully our unwillingness to associate grants of aid or loans with state visits.

It appears that we have reached an impasse, and that we cannot comply with the conditions which President Magsaysay insists are essential. Under the circumstances we believe it would be best if we could reach agreement with President Magsaysay that the question of the visit should not be pursued further, but that we re-examine in the Fall the possibility of a visit being made at a later date, presumably in 1957.

Recommendation:

That you authorize me (1) to give the sense of the foregoing to Ambassador Romulo, asking him to assure President Magsaysay that postponement[4] of plans for the visit does not indicate any lessening

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[1]Source: Department of State, Central Files, 796.11/2–2156. Secret. Drafted in PSA, concurred in by Robertson (in substance) and Murphy, and approved by Dulles.

[2]In telegram 2320 to Manila, January 6, Ferguson was requested to discuss informally with Magsaysay a possible visit to Washington during that time. (*Ibid.*, 796.11/12–1655)

[3]In telegram 2001 from Manila, January 20, Ferguson offered the following observations on the subject of Magsaysay's proposed visit:

"I am in complete agreement with Washington's position that additional aid cannot be related Magsaysay's visit. On other hand, I can understand and sympathize with Magsaysay's position. He feels that since his domestic prestige is based upon personal and dynamic pro-Americanism, visit to United States without bringing back to Philippines some evidence of tangible accomplishment beneficial his country (a traditional concomitant of such visits) would be interpreted locally as an unsuccessful mission susceptible exploitation by his political opponents. As he expresses it, 'see what he got for being a good friend of America'." (*Ibid.*, 796.11/1–2056)

[4] Dulles crossed out "cancellation" and substituted "postponement."

in our high regard for the President, and (2) to inform Ambassador Ferguson of the result of this conversation.[5]

[5] Robertson discussed the proposed Magsaysay visit with Romulo on March 1, and they both agreed that the President's visit should be postponed. (Memorandum of conversation by Cuthell, March 1; Department of State, Central Files, 796.11/3–156) In telegram 2982 to Manila, March 1, Robertson informed Ferguson of the conversation with Romulo. (*Ibid.*)

380. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, March 7, 1956—6 p.m.

2494. For Under Secretary Hoover. My telegram 2482.[2]

1. I consider that the time has come to take a new look at the terms of reference for military base negotiations (Department's instruction A–574 June 22, 1955 [3]). In view of developments since terms were prepared I believe they are unrealistic and impossible of fulfillment.

2. The central issue is US retention of title to base lands. Attorney General Brownell's opinion [4] is anathema to Filipinos who contend that to concede title means portion of Philippine sovereignty has been surrendered, and therefore Philippine independence is not complete. I believe Philippine Government will insist that any title US possessed prior to July 4, 1946, passed automatically to Philippines on independence. Press has reported that Philippines would take question of ownership of lands to International Court of Justice "in the event of a persistent deadlock" on issue between two countries. Senator Delgado [5] introduced concurrent resolution expressing view that Philippines retains ownership US military and naval bases

[1] Source: Department of State, Central Files, 711.56396/3–756. Secret; Limited Distribution Department. Repeated to Karachi eyes only for Robertson.

[2] In telegram 2482, March 6, Ferguson reported a conversation he had that same day with Philippine Senator Gil Puyat, Chairman of the Senate Finance Committee. Puyat informed him that the Philippine Congress would appropriate funds for the purchase of private lands required for the U.S. military base expansion provided that the United States only wanted to use the land and not acquire title to it and was willing in advance of negotiations to offer to surrender titles to present base lands. (*Ibid.*, 711.56396/3–656)

[3] Document 352.

[4] See footnote 2, Document 344.

[5] Francisco Delgado, Chairman of the Senate Committee on Foreign Relations.

"before and after grant of Philippine independence" (Embtel 2046 [6]). Issue has strong emotional appeal to Filipinos.

3. In article on forthcoming visit of Secretary Dulles,[7] *Philippines-Herald* yesterday reported that some months ago an "influential" Philippine Foreign Office official said that "unless the US [garble] the Brownell opinion, negotiations could only result in total failure."

4. I do not believe that the phasing suggested in the briefing paper prepared for Secretary (PST D–6/7 [8]) is at all realistic. We must act now. The terms of reference assume that we have something with which to trade. The Philippine position is that we have nothing to offer. In view of this request that this matter be given urgent consideration so that Secretary Dulles, when he sees President Magsaysay next week, may be in a position to inform Magsaysay that he can announce, at time agreeable to him, that the United States is prepared in advance of, instead of in course of or at end of, negotiations to offer to surrender title to all military and naval lands of whatever category (as United States President is authorized to do by Brownell opinion). This, in effect, will pull the rug out from under extreme nationalistic element who are ever ready to tweak Uncle Sam's beard. Thus, by one stroke we can retire gracefully from an untenable position, the maintenance of which will bring us nothing but grief, and at the same time forego tendentious legalistic disputation on an issue which is largely academic. Such action should not only result in development of considerable good will in Philippines and elsewhere and redound to our long-range benefit, particularly in this part of world, but would also remove from local political areas an issue of embarrassment to President Magsaysay.

Ferguson

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[6] Not printed. (Department of State, Central Files, 711.56396/1–2556)

[7] As part of a short tour of the Far East following the SEATO Council meeting of March 6–8 in Karachi, Secretary Dulles was scheduled to visit the Philippines on March 15 and 16. Documentation on the Dulles trip after the SEATO meeting is *ibid.*, FE Conference Files: Lot 60 D 514)

[8] Dated February 23, this paper set forth the official position in regard to the military base issue: "We are opposed to any revision of the Agreement, which we feel is operating in satisfactory fashion for both countries, and wish to limit our negotiations to revision of the land areas which we occupy." (*Ibid.*, Post-SEATO Trip 1956)

381. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, March 9, 1956—2:48 p.m.

3087. Eyes only. Your 2482 [2] and 2494.[3] I agree developments reported your 2482 most hopeful. Believe Magsaysay statement Philippine willingness negotiate substantially on basis indicated and our agreement proceed on these lines would create most favorable atmosphere for negotiation. To ensure maximum public reaction, believe Magsaysay offer negotiate would be most effective if included in speech on foreign policy or defense.

Question use our title claim in these negotiations has received active and careful attention for several years. Defense has held view we cannot justify release without compensation of claim whose validity established by Attorney General and then ask Congress for funds for acquisition rights of use in new lands. Your present terms reference contain most liberal position acceptable to Defense. We have regarded it as reasonable position, and doubt that Defense, which primarily responsible for custody our interest in base lands, would agree to suggestion release title claim prior Philippine commitment provide us with use new lands required. In any case, I believe area difference opinion smaller than apparent, as your terms reference authorize you include release title claim in draft executive agreement if you believe this only way secure our objectives.

In summary we must secure an agreement which we can defend to our Congress just as Magsaysay must satisfy his. I believe he can be made understand this and to cooperate since it really means simply that he delete from his suggestion the requirement that our release be in advance negotiations.

I am concerned timing Magsaysay suggestion and our reply. Believe it important we be able follow up this exchange by conducting negotiations promptly and continuing them without interruption. It appears to be practical impossibility for you to participate in view imminence your departure,[4] and arrival date your successor still uncertain. I feel personal participation Magsaysay essential and doubt he would be willing negotiate personally with United States representative below rank Ambassador. I suggest therefore it best if you continue important preliminary talks with Magsaysay so that he will

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[1] Source: Department of State, Central Files, 711.56396/3–756. Secret; Priority. Drafted in PSA; cleared by Sebald, Murphy, and Phleger; and approved by Hoover. Also sent priority to New Delhi for Dulles.

[2] See footnote 2, *supra*.

[3] *Supra*.

[4] On January 28, President Eisenhower nominated Ambassador Ferguson to serve on the Court of Military Appeals.

be familiar with our position, but avoid fixing firm date for negotiations at present. I assume, of course, that you will discuss this matter with the Secretary and Robertson who are familiar with this problem.

Hoover

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382. Telegram From the Department of State to the Secretary of State, at New Delhi [1]

Washington, March 9, 1956—2:49 p.m.

Tedul 21. Eyes only. Further to my 3087 to Manila [2] repeated to you as Tedul 20 I believe Ferguson may be pushing bases issue too hard in understandable effort settle question before he departs. Possibility successful negotiation seems increased, but further preliminary talks appear necessary before we ready for formal negotiation or for public exposition Philippine position by Magsaysay.

I suggest that if question arises while you are in Manila you assure Magsaysay we sympathetic his problem, intend give him complete satisfaction on title question, but cannot do so in advance formal negotiations. Suggest you add that, as so little time remains before Ferguson's departure, we believe it best for both sides if public discussion bases issue be deferred until arrival new Ambassador, which we hope will be within reasonable time. I realize this may be disappointing to Ferguson, but believe we should not endanger success this negotiation, which seems to be on tracks for first time by attempting to negotiate this complex question within the brief time available before Ferguson's departure.

Hoover

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[1] Source: Department of State, Central Files, 711.56396/3–956. Secret; Priority. Drafted in PSA, cleared by Sebald and Phleger, and approved by Hoover.

[2] *Supra.*

383. Letter From President Magsaysay to Secretary of State Dulles [1]

Manila, March 15, 1956.

My Dear Mr. Secretary: I should like to take advantage of your visit by discussing certain matters which, because of their bearing on Philippine-American relations, I consider of utmost importance and urgency.

As I have said, I do not have to tell you my faith in the United States. Against all odds I have advocated and will continue to advocate closer alliance with your country. There are those here in the Philippines who have fought me on this score. I have repeatedly risked my political fortunes on this issue. I will continue doing so.

However, I wish to call your attention to certain facts. While it is true that I have succeeded so far in defeating the Communists here that success is temporary. The masses of my people expect me to ameliorate their lot. If I cannot show them in a tangible way that their lot is being ameliorated, they will be disillusioned. Disillusionment is dangerous. We must therefore prevent the masses of this country from being disillusioned.

My first problem here is unemployment. It is very acute. I have asked Ambassador Romulo and Governor Cuaderno to get development loans from the United States. We also need interim financing. Ambassador Romulo reports to me that you and your Department have been most cooperative. For this I thank you.

But there are other pending matters with the United States Government that will help my administration more effectively. We have omnibus claims against the United States Government that have been pending all these years.[2] Of course, I believe we have made the wrong approach. Our initial negotiations have been with your technical men in the lower echelons. Naturally, these people must stick closely to a strict interpretation of rules and regulations. I believe that time has come when we should take these claims up in the policy-forming level. That is why I am taking this matter up with you today. Once a policy has been laid down by the President and by yourself, the technical men will have to adapt their interpretation

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[1] Source: Department of State, SPA Files: Lot 61 D 26, Philippine Attitudes Toward United States. Confidential.

[2] In an aide-mémoire attached to this letter, Philippine financial claims against the United States amounting to just over $860 million were itemized. "These claims," the aide-mémoire stated, "represent the financial obligations incurred by the United States Government as a result of the special relationship that existed between the two countries and their joint prosecution of the last Pacific War." The U.S. position on this issue is set forth in a briefing paper prepared for Dulles, PST D–6/8, February 24. (*Ibid.*, FE Conference Files: Lot 60 D 514, Post-SEATO Trip 1956)

to this policy. Some of these claims may not be approved by you. We feel that these claims are legally and morally tenable. I wish, Mr. Secretary, that you would take this matter up personally and lay down a general policy which will make it possible for us to reach a final settlement about these claims.

There is another question that is worrying me. It is my rural development program. This is what will affect the masses of our people. We have no means right now to carry out all the measures that I have for this project. I wonder Mr. Secretary, if it is possible for you to recommend to President Eisenhower that the Philippines be given a share in the President's fund which, I understand, is for psychological warfare. An amount of ten million dollars from such a fund would go a long way to help me in my rural development program. It is really part of your country's psychological warfare program to keep our masses here happy and contented to prevent their disillusionment, to strengthen their faith in the United States and in democracy.

Furthermore, I wish to call your attention to the fact that the aid we are receiving from the ICA is not in my opinion, proportionate to the special relationship that exists between your country and mine. The aid we get is quite unimpressive when compared with the aid you have given other countries, including your former enemies. In this connection, I refer to the chart I showed you published by the *Chicago Tribune* which shows that we in the Philippines receive the least amount of aid from you.

I must say that I am deeply worried about all this. I am placed on a defensive position with my own people. They know that I have stuck my neck [out] time and time again in defense of the United States. This I have done because I believe in you and in your ideals. At the same time it is not unnatural for my people to ask why, since I was inaugurated President of the Philippines, there is nothing I can show them that is really substantial that I got for them from the American Government. You will understand this puts me in a very embarrassing position.

Also, the other peoples of Asia are watching me. They know what I have done and am doing for the United States. For me not to be able to show something really worthwhile that I am getting for my people from the United States will give them the impression that even America's best friend is ignored and this, I fear, would not have a favorable impact in Asia propaganda-wise.

These are my problems, Mr. Secretary, and I am opening my heart to you because I need your help. Politically, I can maintain myself in power and the recent November elections have shown that I have my people's support. My one concern is the effect that our economic crisis can have on Philippine-American relations. The disil-

lusionment, I repeat, that the masses will feel, considering that they know my loyal attachment to the United States, must be prevented at all costs.

With the assurance of my highest consideration, I am

Sincerely yours,

Ramon Magsaysay [3]

[3] Printed from a copy that bears this typed signature.

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384. Telegram From the Secretary of State to the Department of State [1]

Taipei, March 16, 1956—11 p.m.

Dulte 33. Eyes only Acting Secretary from Secretary for President.[2]

Dear Mister President:

I found at Manila a somewhat unsatisfactory condition. Magsaysay, while he continues to enjoy immense personal popularity, allows himself to be badgered by the members of the Congress and the press. This creates a bad mental condition as he is extremely sensitive to any criticism.

The popular line of attack is that the Philippines is not getting as much from the United States as it should and it treats foreign aid as a measure of friendship and points out statistically that by this measure the Philippines, which ought to be getting the most on a "friendship" basis, is in fact getting the least of the Asian countries.

There are many detailed causes of friction relating principally to trade and commercial and monetary matters.

Magsaysay has some bad personal advisers who tell him that the way to get more from the United States is to be tough and to play up the internal Communist threat.

This was the line which he took with me when we met yesterday afternoon. Our talk was quite different in tone from prior talks which have always been most intimate and cordial.[3]

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[1] Source: Department of State, Central Files, 110.10–DU/3–1656. Secret.

[2] A copy of this telegram in the Eisenhower Library bears the President's initials, indicating that he saw it. (Eisenhower Library, Whitman File, Dulles–Herter Series)

[3] During this conversation on March 15, Magsaysay brought up several issues affecting commercial relations between the United States and the Philippines, relating especially to tobacco, sugar, and rice. In response to Magsaysay's critical discussion of

Continued

I was somewhat concerned as to what note he would strike at the dinner which was a very large affair attended by all the Philippine notables. However, by dinnertime, his mood seemed to have completely changed, and he made a very eulogistic speech about me stating that my stature constantly increased and that I was a main pillar of the Free World and so forth. That gave me a chance in my reply to emphasize the responsibility of the Philippines themselves to play a part in the struggle for freedom. The evening was on a note of warm cordiality.

I was able to announce while there the decision to locate the atomic reactor center at Manila.[4] I gave Magsaysay this final decision at midnight on the phone, and he was much pleased. He particularly wanted the announcement to be made while I was there in line with his rather simple concepts of personal diplomacy. If announced while I was there, it would seem to the Filipinos that Magsaysay had won this as a personal triumph through his talk with me.

This is in line also with his reluctance to come to the United States unless he can come back bearing gifts.

We need someone who has his personal confidence and who can give him good advice. There are various possibilities which we have in mind and which will I think enable us to better the relationship. Signed Faithfully yours, Foster.

Dulles

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various problems, the Secretary observed "he did not come to the Philippines or make this tour of the Asian countries in order to discuss the details of the various questions at issue." After a period of silence, "the conversations were resumed in better spirit by the President." (Memorandum of conversation by Dulles and Ferguson, March 15; Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

[4] In a conversation with Romulo on April 14, 1955, Dulles asked if the Philippines was interested in obtaining without cost a nuclear reactor for research purposes, if the Philippine Government would maintain and operate it. Romulo agreed and Dulles announced during this trip to Manila that the United States would locate a reactor in the Philippines. (Memorandum of conversation by Dulles, April 14, 1955; *ibid.*)

385. Memorandum on the Substance of Discussion at a Department of State–Joint Chiefs of Staff Meeting, Pentagon, Washington, March 30, 1956, 11:30 a.m.[1]

[Here follow a list of 27 persons present, including Radford, Taylor, Burke, Murphy, and Robertson, and discussion of unrelated subjects.]

With respect to the situation in the Philippines, Mr. Robertson said that the Secretary had been very disappointed to find President Magsaysay in an extremely resentful and petulant mood. He was not the Magsaysay of a year ago, and the Secretary's party learned later that he had received advice from some of his own entourage that the way to deal with Americans is to act tough with them. The Secretary and his party found Magsaysay either uninformed or misinformed on every subject discussed; in many ways he seemed the prisoner of his entourage. He sees very few Americans and apparently has no American friends of any intimacy. Either he is not being well informed by Ambassador Romulo here or he forgets what he is told. Mr. Robertson said that, instead of getting stronger like Diem,[2] Magsaysay seems to be getting weaker all the time and his state of mind is very disturbing to us. He is obsessed with the idea of being the personal leader of his people and sees as many as 1,000 visitors a day, with the result that he has no time left for governing his country. Unfortunately, he has not developed a talent for governing. It was pointed out, however, that he does have great personal popularity, and Admiral Radford commented that, although he is undoubtedly a serious problem to us today, we should not forget that he is a real power with his people. Admiral Radford remarked that the unfortunate aspect is that he continues to be built up all over southeast Asia as a leader and as one of the principal exhibits of American friendship in Asia. This would make the impact all the stronger if Magsaysay should suddenly turn on us or if we get into acrimonious public disputes with him. The Admiral commented that an American ambassador is badly needed in the Philippines. Mr. Murphy and Mr. Robertson said that we have selected one of our best career officers for the post and that he will be going out shortly.[3] Admiral Radford remarked that we cannot afford to make a mistake in our representation there at this time.

[Here follows discussion of unrelated subjects.]

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[1] Source: Department of State, State–JCS Meetings: Lot 61 D 417. Top Secret. No drafting information is given on the source text. A note on the title page reads: "State Draft. Not cleared with any of the participants."

[2] Ngo Dinh Diem, President of the Republic of Vietnam.

[3] Albert F. Nufer was appointed Ambassador to the Philippines on May 10.

386. Letter From Secretary of State Dulles to President Magsaysay [1]

Washington, April 25, 1956.

DEAR MR. PRESIDENT: Ever since you handed me at Manila your letter of March 15,[2] I have been thinking about it. I know that the United States has in you one of its best friends. Also, I hope you know that we are your friends. You have, as you say, repeatedly risked your political fortunes on the issue of close relations with the United States. It is a matter of the greatest satisfaction to us that whenever this has happened, the Philippine people have overwhelmingly backed your position. I believe that, in the Philippines, as in this country, the instinct of the people is far more sound than the carpings of political opponents, or press reporting which emphasizes the sensational and the controversial because that is news, whereas when people agree, that is not news.

I do not wish you to think that the United States takes for granted this friendly relation which you exemplify. We prize it most highly and hope always to deserve it.

You refer to a chart published by the *Chicago Tribune* which you say shows that the Philippines "received the least amount of aid from you". But actually, as I explained yesterday in answer to a question at my Press Conference,[3] the chart picks the 10 countries which have received the *most* and lumps together the many other countries, some 45, which received much less assistance than the Philippines.

It is, I think, worthy to note that even this chart shows that, of the many countries we help, the Philippines is near the top of the list.

However, the chart is inaccurate in that it indicates only about $900,000,000 of aid to the Philippines. The correct figure is approximately $2,600,000,000 if direct aid, payments to individuals, loans and credits, and other dollar payments are included. I enclose a memorandum [4] showing the make-up of this figure. This is exclusive of military aid. In this connection, it should be recalled that the United States, under our Mutual Security Treaty, assumes a very considerable part of the burden of defense which would otherwise

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[1] Source: Department of State, SPA Files: Lot 61 D 26, Philippine Attitudes Toward United States. Personal and Confidential. Transmitted to Manila in telegram 3670, April 24. A copy of that telegram in the Eisenhower Library indicates that it was drafted by Dulles and cleared by Sebald and Hoover.

[2] Document 383.

[3] For a transcript of this press conference, see Department of State *Bulletin*, May 7, 1956, pp. 750–751.

[4] Not printed.

fall upon the Philippines alone. Your Republic is in an exposed position and the full force of the United States is committed to its defense. This is no inconsiderable asset.

Also, as I announced when in Manila, we now plan to assist in making Manila the great nuclear research center for Asia.

The particular problems you mention will receive our most careful consideration. We cannot, under the law, dip into the President's Emergency Fund for rural development but we can, I think, place increasing emphasis on rural development as part of our regular ICA program. I am having this studied.

The question of financial claims has been discussed by you with our Chargé d'Affaires [5] since your letter was written. I enclose a brief memorandum setting forth the status of our study of this subject.[6]

Let me emphasize, as I said to you, that our military and economic aid is not dispensed on the basis of friendship. Such a criterion would be impossible to apply, both because friendship does not lend itself to measurement in terms of dollars and cents, and also because our program does not represent a desire to be generous and give away presents. Rather it is a willingness to do what seems necessary to assist those countries which are endangered and which cannot do what you and I would want them to do unless we help them.

Today the great bulk of our aid goes to Korea, Taiwan and Indochina—where it helps us both. These countries are in the front lines and are directly faced with the Communist military threat. On the other hand, we have virtually no mutual assistance program for Latin America, although we have many friends there and although they sometimes reproach us because they do not significantly share our program. They, happily, are not today in the front line.

It is extremely difficult to raise in this country funds for the assistance of other nations. This money comes from taxpayers and our taxes are very close to an all-time high. Never, I suppose, in history has there been an example of a people taxing themselves so heavily and for so long as we are doing in order to help to keep freedom alive in the world.

We surely count the Philippines an area where freedom must survive and we are proud of the fact that you are doing so much to assure that, and I think you too can be proud of this. Also as I said at the dinner you graciously gave me, I believe the Philippines by its conduct and example, and in association with other Asian nations, can play an even more conspicuous part in helping to keep freedom alive in Asia. If we were more actively working together in this

[5] Charles R. Burrows.

[6] Not found in Department of State files.

effort, we would, I believe, have more fellowship and less controversy.

Our two countries are comrades, not as a matter of expediency but because we deeply believe in a common cause. You personally are one of the world's great examples of that cause, and we share the pride which the Philippine people take in you. We shall not let you down. But please also do not let us down by giving credence to criticisms, often malignant or misinformed, which are resented by the American people who feel that what they have done and are doing deserves better recognition.

Sincerely yours,

John Foster Dulles [7]

[7] Printed from a copy that bears this typed signature.

387. Memorandum From the Acting Secretary of State to the President [1]

Washington, May 3, 1956.

SUBJECT

Military Base Negotiations with the Philippines

We have agreed with the Philippine Government that negotiations on pending land questions related to our bases in the Philippines will start shortly after the arrival in Manila of Ambassador-designate Nufer.[2] We hope to obtain from the Filipinos the right to use certain new land areas which the Defense Department regards as necessary to permit optimum development of the bases. We plan to return to the Philippines a number of bases which we no longer need, and to withdraw our claim to title to all the lands which we now own. Defense has felt that we cannot withdraw this claim in advance of negotiations, or until we are convinced that the Filipinos will provide the required new land for our use without cost to us. We have agreed with this position, and our instructions to the Am-

[1] Source: Department of State, SPA Files: Lot 63 D 51, Property Rights, Folder Number 1. Secret. Drafted by Cuthell and approved by Sebald. In April 1956, the Office of Philippine and Southeast Asian Affairs was reorganized; it was divided into an Office of Southeast Asian Affairs, headed by Young, and an Office of Southwest Pacific Affairs, headed by Bell. SPA received jurisdiction over Philippine Affairs and Cuthell remained the Officer in Charge of Philippine Affairs.

[2] Nufer presented his credentials to President Magsaysay on July 20.

bassador are based upon it. It is hoped that the negotiations will be completed by next Fall.

Because Magsaysay already knows that it is our intent to return title to the properties, it is unlikely that he would find this an incentive to come to the United States. It seems inescapable that his primary interest has been, and continues to be, a large increase in our financial aid.

Herbert Hoover, Jr.[3]

[3] Printed from a copy that bears this stamped signature.

388. Memorandum of a Telephone Conversation Between the Secretary of State and Vice President Nixon, Washington, May 11, 1956, 11:08 a.m.[1]

The Secretary telephoned the Vice President to ask him if he would be interested in attending the Tenth Anniversary Celebration in Manila.[2] The Secretary said there had been a great deal of thought given to the President's going but this would cut in pretty closely with Nehru's [3] visit here (he arrives on July 7). For this reason, the President is not going. The Secretary asked if that date for the VP would be getting too close to August 11. The VP said he did not think that would be particularly a problem.

The VP asked the Secretary what he thought about the worthwhileness of the affair. The Secretary said he thought it very worthwhile. The President did not want to go unless some of the other Heads of Government would be present and this was doubtful because of the Commonwealth Conference [4] which would be in progress concurrently with the Manila affair. The Secretary said he thought this independence celebration would be a fine forum to appeal to the Asian people and suggested following the line that he had taken—that the Philippines, having got their independence, should do more in helping others, i.e., Vietnam, etc. There was a tendency on the part of the Filipinos to be on the "gimme" side. It would be well if they would give the feeling that they were not primarily on the receiving end. They should be working actively to

[1] Source: Eisenhower Library, Dulles Papers, General Telephone Conversations. Prepared in the Office of the Secretary of State.

[2] Tenth anniversary of Philippine independence.

[3] Jawaharlal Nehru, Prime Minister of India.

[4] The British Commonwealth Prime Ministers Conference began on June 27.

build up freedom in these areas. All of this, the Secretary stated, would have to be said very delicately, as the VP of course knew.

The Secretary said he did not want a definitive answer because he was not in a position to make a definitive request. The Vice President said he certainly would not be unsympathetic to the idea. The Secretary said this would not be unhelpful to Nixon at this particular time. The VP said the main thing he was concerned about was that it should be made clear that the trip was in the interests of the country, not just a trip out there.

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389. Memorandum From the Director of the Office of Southwest Pacific Affairs (Bell) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, May 18, 1956.

SUBJECT

Military Bases in the Philippines: Points for discussion with Admiral Stump

Our plans for the negotiations are as follows:

1) Ambassador Nufer will be briefed here shortly after June 1. He will take leave in the latter part of June, and we hope he will reach Manila before July 4. He will presumably need time to become established, present his credentials and make personal contact with President Magsaysay before starting to negotiate. The earliest date for negotiations would thus seem to be shortly after August 1.

2) We expect that the Ambassador will start negotiations by brief, highly classified talks with President Magsaysay and as few other Filipinos as possible. These talks should be brief, and will be intended to create firm agreement as to what ground the formal negotiations will cover. It is important that major problems be identified and solved during this phase, so that the formal (and inevitably publicized) negotiation will be concerned with details and not with basic questions. It is for this first phase that Admiral Stump's services will be required, as we believe that Magsaysay's confidence in and respect for the Admiral make him the best person to explain the military desirability and value of the proposed expansion.

3) Formal negotiations directed by the Ambassador with the assistance of Admiral Sprague [2] would follow, to work out the details

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[1] Source: Department of State, Central Files, 711.56396/5–1856. Secret. Drafted by Cuthell.

[2] Admiral Thomas L. Sprague was appointed by the Department of Defense to serve as an assistant to Ambassador Nufer during the base negotiations.

of the executive agreement. This work might take several months, but we hope it can [be] finished in a few weeks. The exact metes and bounds of the land areas involved in the exchange would probably be contained in an annex to the new agreement, this annex being completed after the necessarily lengthy technical surveys have been conducted.

4) We now foresee two principal problems which will cause trouble if not corrected:

a) The title issue. The Philippine Senate has recently passed a resolution stating that the Philippines has title to our bases, and Magsaysay's closest adviser on bases, the usually very pro-American Senator Pelaez, has told the Senate and the press that the title problem can and should be settled before negotiations start. We believe that it can be settled, in the sense that it can be removed as an issue, by following through on the statement of principles which President Magsaysay desired to make last month. This matter is discussed in the attached memorandum, our recommendation being on pages 4 and 5.[3]

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[3] The attached memorandum, not printed, drafted by Cutheil, includes the following recommendation:

"Our long term goal must continue to be what it has been in the past, that is, an arrangement which permits the operation of an effective bases system over which we have effective military control, and which at the same time does not offend fundamental Filipino political sensibilities." Two courses of action were suggested to improve the public attitude toward the negotiations and increase the chances for successful negotiations:

1. Elimination of the question of title: "The real value which title to the bases has for us lies in the possibility that it can save us the expense of buying new base lands. The solution to this problem lies along lines suggested by President Magsaysay's proposed press release in which he undertook to set forth the principles governing negotiations. It is suggested that we encourage a public statement along these lines, but that the form of the statement should be changed and that it should emerge as a formal statement of principles, possibly contained in an exchange of notes between the President and our Chargé d'Affaires. It is further suggested that we should accept substantially the language most recently proposed by the Philippine Government in which it is stated that the Philippines will contribute the land areas required and that we are prepared to withdraw (or release) our claim to title. This statement is the strongest we can reasonably expect from President Magsaysay and, if incorporated in a formal document, will be as binding upon him as anything short of a treaty."

2. Agreement to changes in the Military Bases Agreement of 1947 that would not jeopardize the U.S. basic position, but would be politically helpful to the Filipinos: "These changes could be made in the Agreement itself or, preferably, could be contained in (a) a separate executive agreement or (b) an 'administrative annex' of the sort used in connection with the Spanish Bases Agreement. It is not suggested that we should enter negotiations prepared to make major concessions to the Filipinos, but rather that we should be prepared to give sympathetic and prompt consideration to the points they raise. In order to be able to do this, we should now conduct a survey of the Agreement to determine whether concessions could be made in the exercise of rights which are not essential to us, or which would actually improve the Agreement. When this survey is completed we will be able to backstop our negotiators quickly and effectively, and will be able to avoid the lengthy delays which could be fatal to successful negotiation."

b) We believe that the Filipinos will desire modification of the Bases Agreement, and that President Magsaysay will feel compelled by public pressures to be insistent on this point. We should refuse wholesale revision of the Agreement, but believe we will have to accept suggested changes which save Philippine face but do not adversely affect our essential control of the bases. This question is also discussed in the attached memorandum, our recommendation being on page 5.[4]

[4] On May 25, Robertson sent a letter to Gordon Gray that explained the position set forth in this memorandum and requested Gray's views on these questions as soon as possible. (Department of State, Central Files, 711.56396/5–2556)

390. Telegram From the Embassy in the Philippines to the Department of State [1]

Washington, May 27, 1956—midnight.

3278. For Hoover only from Reuben Robertson. Please pass following Secretary Wilson, copies to Adm. Radford, Sec. Gray, Sec. Quarles. On arrival in Manila ran head-on into highly emotional and politically charged situation regarding mining operations and check points at Clark Field.[2] In this matter conflicting instructions between joint State–Defense messages and Air Force instructions existing together with widely varying viewpoints between Embassy and 13th Air Force on details. President Magsaysay had phoned Romulo to urgently request Radford help on immediate settlement check point issue. After Air Force reversal President asked me urgently review with his Sec. Def.—Ambassador Neri and Chief of Staff on ground, which I did together with Gen. Lee of Clark, Adm. Switzer COMNAVPHIL and Burrows of Embassy. Gen. Lee reached new decision to remove check point returning to inspection conditions same as existed prior to March mining incident; this decision had full concur-

[1] Source: Department of State, Central Files, 711.56396/5–2756. Confidential; Priority.

[2] On March 17, U.S. authorities at a Clark Field Air Force Base checkpoint impounded a truck loaded with manganese ore extracted from Bueno Hill, an area which they contended was within the confines of the U.S. base. Officials at the base then detained ten Filipino miners along with the owner of the truck, Enrique Santamaria. Senator Recto subsequently served as counsel for Santamaria, and this incident, which received considerable publicity in the Philippines, quickly became a national cause célèbre and a rallying point for Philippine politicians demanding a reexamination of relations with the United States. This dispute is summarized in an unsigned memorandum for Gordon Gray, June 4. (Department of Defense, OASD/ISA Files, FMRA Records, Philippines)

rence of entire American team on ground but was not consistent with Air Force instructions; I felt that US Govt position was so bad in view of confusion instructions and several reversals that Lee decision was urgently needed to avoid explosive situation and agreed to fully back his decision though unable reach his line commanders. Phil representatives satisfied solution and Magsaysay expressed to me satisfaction over avoidance serious situation.

This entire matter has been handled in manner damaging US position here and in my opinion is all out of proportion to values involved, based on highly legal technicalities looking to pending base negotiations which are oblivious of political realities here, and has fanned the flames of the current anti-American wave of sentiment which of course is politically inspired.

Urge that no new actions be taken thru Air Force channels without careful coordination with State and Manila Embassy. I will review situation with Adm. Stump CINCPAC en route and be prepared review entire matter my return Washington.

Burrows

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391. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, June 15, 1956—7 p.m.

3473. From Sebald. On the basis of conversations which I have had with President Magsaysay, influential Filipinos and concerned Embassy officers, I strongly believe we should make some gestures on occasion 10th anniversary Phil independence to highlight special US-Phil relationship, strengthen US-Phil relations and help create more favorable atmosphere for forthcoming base negotiations. Embassy officers concerned . . . are unanimously of opinion, in which I concur, that V.P. Nixon or in his absence [2] Ambassador Nufer should be authorized to announce on July 4 that both US and Phil flags will henceforth fly at all US bases in Phils. Believe this gesture would have highly favorable reaction Phils and underline partnership concept our mutual defense arrangements.

We also of opinion Nufer should be authorized on occasion presentation credentials to inform Magsaysay US prepared agree is-

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[1] Source: Department of State, Central Files, 711.56396/6–1556. Secret; Limited Distribution.

[2] Nixon's planned visit to the Philippines for the tenth anniversary celebration had not yet been confirmed.

suance public statement solution ownership issue along lines draft recommended Embtel 2889.[3] Phraseology could be modified somewhat to conform to occasion but preferably should be tied in with Magsaysay–Dulles conversation last March.[4] As pointed out last para Embtel 2889, we would not mention any specific timing for withdrawal claims. President Magsaysay in conversation with me today referred to forthcoming base negotiations and reaffirmed that Phil Govt would be willing provide lands required for expansion bases.
Burrows

[3] In telegram 2889, April 13, Burrows suggested the following wording for the joint statement in regard to the question of ownership: "Pursuant to the principles of partnership, the United States acknowledges the sovereignty of the Phils on such bases and is prepared to withdraw its claim to their titles; on her part, the Phils agrees to grant the United States such authorization as may be necessary to operate the bases effectively." (Department of State, Central Files, 711.56396/4–1356)

[4] See footnote 4, Document 346.

392. Telegram From the Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Burke) [1]

Honolulu, June 23, 1956.

22046Z. Subj Milba: Sebald's proposed gestures. AmEmb Manila tel No 3473 to State [2] relayed to CINCPAC by CNO 191857Z.

I would be the last to throw cold water on any State–AmEmb Manila proposals to strengthen US-Phil relations. For some years now CINCPAC has advocated breaking out of our customary defensive position in which we merely react to Recto instead of seizing the initiative from him by an affirmative campaign of our own.

These Sebald proposals do not necessarily involve any danger to important US mil interests. He correctly labels them as gestures. But I am constrained to point out that even well intended gestures may backfire dangerously if not appropriately timed and sufficiently safeguarded.

. . . . . .

In this case, therefore, we must insure that it won't mean anything we don't want it to mean. Raising the Phil flag could otherwise

[1] Source: Department of Defense, OASD/ISA Files, FMRA Records, Philippines. Secret.

[2] *Supra.*

operate as a camel's nose to lift the tent of exclusive US control over, and over access to, US bases of Subic, Sangley and Clark.

The other local danger in the flag raising gesture is that if not appropriately safeguarded and timed, Recto may turn it against us. He could easily make it appear to be the first US recognition of Phil sovereignty over our mil bases. This sovereignty issue has been his most potent and successful emotional appeal to Phil public and politicians. He was the first to stir up anti-US sentiment by claiming the US was impugning Philippine sovereignty.

If the Phil flag raising announcement can be made to appear as evidence that Recto was right in contending that the US had not heretofore recognized Phil sovereignty over mil bases, Recto will appear as the successful champion of Phil independence and dignity against US imperialism and colonialism. Both the US and Magsaysay would suffer from such a result.

If we go for this flag raising gesture, it must be done so as to appear as a reaffirmation of—not as the original recognition of—Philippine sovereignty by the US. It must appear as a tribute to Magsaysay and the Phil people, which we extend as a matter of grace, and not as a victory won by Recto.

But before we commit ourselves to the dual-flag system in the Phil, its possible impact on US bases elsewhere should be evaluated on a worldwide basis.

For example, our recent Ambassador to Canada [3] proposed that the Canadian flag be flown at US bases in Newfoundland as an amicable and pleasant gesture to the Canadians.

I believe his rationalization was that because the Canadian flag would be flown at joint Canadian-US bases more recently opened in connection with the DEW Line, etc., it should also be flown at bases in Newfoundland. This overlooked the critical difference that the Newfoundland bases are not joint bases but are exclusively US bases, and hence if we fly 2 flags at exclusive US bases in Newfoundland, we will be expected to fly 2 flags over all types of US bases all over the world.

As to the proposed issuance of public statement by Magsaysay on solution of ownership, I am apprehensive because of the continued harping on the terminology of US "withdrawal of claims". CNO and Defense have agreed that this expression puts us in position of conceding that we have no substantial rights of ownership in either active or surplus US base rights.

Use of this language would brand us in the eyes of the Phil people as having advanced either ill founded or fraudulent claims to such ownership. Here again we play into Recto's hands since he is

[3] R. Douglas Stuart.

the one identified in the minds of the Phil people as having first and most aggressively challenged US ownership.

The phraseology here should be that the US is prepared to "transfer and turn over to the Phil all title papers and claims held by the US". Such phraseology will not require the Phil reps to recognize the validity of US ownership. Even more important, it will avoid us debasing ourselves by apparently conceding that all we had were mere claims so ill founded that they will disappear when withdrawn. To much of the valuable land in question, such as Fort McKinley, we hold the actual title certificates and deeds are recorded in the name of the US.

I hate to belabor this point, and would not do so, except that State reps seem infatuated with the pleasant sound to Phil ears of the language US "withdraws claims" to ownership. They overlook the point that we could build up Magsaysay and play down Recto by phraseology which would show that Magsaysay had obtained not merely the "withdrawal of claims" contended for by Recto, but had secured a commitment from the US to turn over the actual titles and deeds to the land.

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393. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, June 28, 1956—6:12 p.m.

4454. There follows full final text Nixon–Magsaysay statement:

"Vice President Nixon has discussed with President Magsaysay the necessity for strengthening military bases in the Philippines in order to bolster the common defense of the two countries as well as that of the Free World in this area. President Magsaysay concurred in the need for such a step for the mutual benefit of both countries. The President and the Vice President agreed that the two Governments will hold formal negotiations on military bases in the near future, and that these negotiations will be conducted on the basis of the following general principles:

(1) The existence of a system of United States bases in the Philippines has been, and continues to be, a matter of mutual interest and concern to the two countries, for the purpose of insuring their common defense pursuant to the principles of the United Nations.

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[1] Source: Department of State, Central Files, 033.1100–NI/6–2856. Secret; Niact. Drafted and approved by Bell.

(2) In consonance with this mutuality of interest and concern, certain land areas in the Philippines have been and are being used by the United States as bases. The Philippine Government will contribute, for use in accordance with the terms of the Military Bases Agreement, the additional land which is deemed necessary by both Governments for the strengthening of the base system; the United States will turn over to the Philippine Government those areas listed in the Military Bases Agreement which the parties may hereafter agree are no longer needed. In addition, the United States has contributed and will contribute such personnel, equipment and physical facilities as may be necessary for the effective maintenance of such bases for the defense of the Philippines and the United States in this area.

(3) The United States has, since the independence of the Philippines, always acknowledged the sovereignty of the Philippines over such bases; and expressly reaffirms full recognition of such Philippine sovereignty over the bases. Further, the United States will transfer and turn over to the Philippines all title papers and title claims held by the United States to all land areas used either in the past or presently as military bases, except those areas which may now or will be used by the United States for its diplomatic and consular establishment. Such transfer of title papers and title claims will not affect use of the bases in accordance with the terms of the Military Bases Agreement." [2]

Dulles

[2] This statement was delivered by Nixon on July 3. He arrived in Manila on that day and left the Philippines on July 6. Following his visit to the Philippines, Nixon toured several other Asian countries. Documentation regarding Nixon's trip is *ibid.*, 033.1100–NI and *ibid.*, Conference Files: Lot 62 D 181, CF 729A.

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394. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, July 5, 1956—9 a.m.

43. For Hoover from Nixon. On the basis of what I have seen here, anti-American elements are now on the defensive. Reaction to the joint statement on bases has been favorable both in press and local congressional circles. Magsaysay and his advisers immensely pleased. Question now being asked in press and by Magsaysay himself is when will titles be transferred.

[1] Source: Department of State, Central Files, 033.1100–NI/7–556. Secret; Limited Distribution.

Magsaysay told me today that it would be of great help to him if we could move fast in transferring titles. I share this view and believe that unless we take this action promptly, we will lose much of what we have gained from statement.

I consider it essential that steps be undertaken immediately to prepare the type of language that will be required in documents necessary for the transfer. As to the specific timing, I believe that the titles should be transferred within a week or ten days after Nufer arrives. This would get Nufer off to a flying start.

In discussing bases question with me today Magsaysay categorically assured me that his administration will provide the land we will require for our base expansion program.

Burrows

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395. Editorial Note

At a meeting of the National Security Council on July 12, Vice President Nixon discussed his recent visit to several Asian countries, including the Philippines. He summarized his impressions of recent developments in the Philippines as follows:

"The Vice President said that he had yet another point. The governmental leaders in these countries he found almost invariably obsessed with local rather than international issues. For example, in the Philippines the obsession was the lease of U.S. military bases. The Vice President had given the Filipinos the needed assurance of our intention to transfer title to these bases as soon as possible. This was sensible because if a government does not really wish to carry out a base agreement with the United States it doesn't matter very much what kind of an agreement or lease we may have on paper. President Magsaysay is unquestionably willing to provide the United States with what we need by way of base rights and facilities; but he does insist on the transfer of title to these bases, at least in a symbolic sense.

"Admiral Radford pointed out that there were two entire mail bags filled with the records relating to our Philippine bases now in the Department of Defense. The contents of these two bags were in the course of being microfilmed and translated. Some of the documents went back as far as Spanish days. When the Defense Department has gotten through checking all these records they will of course have to be sent to Manila, where the titles will again be checked by the Filipino authorities. All of this process will naturally take time, but it must be completed before the actual transfer of title to the bases can be made to the Philippine Government. The Vice President said he understood the problem, but thought it would be advantageous if we could simply state what the problem was and

assure the Filipinos that the process of transfer of title to the bases had actually begun in the United States.

"Admiral Radford said that he thought this was the essence of the official statement that the Vice President had made in Manila. The Vice President replied that of course he was aware that the base issue in the Philippines was a 'phony' issue, but people hostile to the United States in the Philippines are making propaganda of it. Some further statement would, the Vice President believed, be a useful weapon against Senator Recto and his gang. At least, therefore, the Pentagon should get out some news about what it is doing apropos of the transfer of leases. Admiral Radford then suggested that the records might provide the basis for a very interesting news story. The Vice President replied that this would be a very effective means of accomplishing his objective. The main thing was to assure support for President Magsaysay and to keep his enemies on the run." (Memorandum of discussion at the 290th meeting of the National Security Council by Gleason, July 12; Eisenhower Library, Whitman File, NSC Records)

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396. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, July 18, 1956—7:16 p.m.

191. Reference is made to Department's instruction A–574 of June 22, 1955.[2] Since the issuance of that instruction several developments have occurred which make it necessary to revise further the terms of reference for forthcoming negotiations with the Philippines on military bases.

Mr. Karl R. Bendetsen has been named Special Representative for Philippine base matters.[3] Mr. Bendetsen has been given broad authority to act on behalf of the State and Defense Departments during these negotiations. He will be accompanied by a personal staff and will be assisted by Admiral Thomas L. Sprague. CINCPAC and COMPHILCOM (US) will provide such other detailed military assistance as may be required.

The objectives set forth on page 1 and 2 of the referenced instruction remain as stated. A revised list of areas now desired by the

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[1] Source: Department of State, Central Files, 711.56396/7–1856. Secret. Drafted in SPA and OSD; cleared by Robertson, Phleger, and Bendetsen; and approved by Dulles. Repeated to CINCPAC.

[2] Document 352.

[3] Formerly Under Secretary of the Army, Bendetsen was jointly appointed to this position by the Secretary of State and the Secretary of Defense. He arrived in the Philippines on July 28.

U.S. forces in the Philippines will be provided by Mr. Bendetsen, together with a restatement of the areas which we are prepared to relinquish. The new areas should not, however, be added to those listed in Annex A, but should be treated as additional areas as contemplated in Article I (3) and Article XXVI of the MBA. The current land requirements of the Department of State will be provided by telegraph shortly.

With regard to requests by the Philippines for changes in the text of the 1947 Bases Agreement, as noted in the referenced instruction any request for modification should be resisted and reported to the Department. We would at the same time be prepared to discuss with the Philippine representatives any measures which might be taken by administrative action by the U.S. to alleviate specific problems causing concern to the Philippine Government the solution of which might aid in the consummation of the current negotiations, provided proposed solutions do not derogate from essential U.S. control of the base areas. You are authorized to discuss any such suggestions raised by the Philippine Government and are requested to report them to the Department together with your recommendations thereon.

With regard to U.S. position on the release of title, referred to in the first two paragraphs of page 3, referenced instruction, as indicated in the joint Magsaysay–Nixon statement, we have now agreed in principle to the relinquishment of all title papers and title claims to all areas whether to be retained or turned over to the Philippine Government. Mr. Bendetsen is authorized to determine, in consultation with you, the time and method of transfer of title and all title papers held by the United States to all land areas used either in the past or presently as military bases, except those areas which may now or will be used by the United States for its diplomatic and consular establishment, and, after such determination, to make such transfer.[4]

Detailed instructions contained in paragraphs 3, 4, 5 and 7 of page 3 of referenced instruction remain valid.

Dulles

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[4] The following sentence was deleted by Dulles at the request of Under Secretary of Defense Robertson: "This decision should be forwarded to the Department for approval."

397. Telegram From the Commander in Chief, Far East (Lemnitzer), to the Department of State [1]

Tokyo, July 27, 1956.

FE 802058. Sent SecState, Secretary Defense, repeated information PACFLT, AmEmb Manila. From Bendetsen exclusive for Robertson at SecState and exclusive for Robertson and Gray at SecDef; exclusive for Admiral Stump; exclusive for Nufer.

Have just received by hand from General Lemnitzer following message from Radford dispatched by him following both his meeting with Magsaysay at Cubi Point commissioning ceremony:

"The situation here insofar as your mission is concerned is not as good as I had hoped it would be. The opposition has successfully generated a great deal of public interest. There seems to be a feeling that the coming negotiations offer a great opportunity to get a lot more out of us and at the same time an opportunity to whittle down Uncle's [2] freedom of action in the future. It is a manifestation of the inferiority complex spurred on largely by the *Chronicle* crowd in order to embarrass the President. He unfortunately seems to be somewhat boxed in. This is gratuitous information and probably not news to you. I send it as a personal observation in the hope that it will be of help to you. I certainly do not like the atmosphere here. It is my feeling that the quietest arrival you can make will be best and the less you can say or do publicly until you get a feel of the situation for yourself the better off you will be. Good luck and best regards."

In view of Radford's pessimistic appraisal of situation Philippine Republic and comment regarding publicity, I am taking under immediate and urgent advisement our fully developed plans for featuring news story concerning arrival aboard my plane of title documents. For your information this plan which matured at Pearl in consultation with CINCPAC and in telecon with COMNAVPHIL and I had thought with tacit concurrence of Nufer contemplated deplaning of documents on my arrival Manila International Airport with press photo coverage and press conference emphasizing careful handling of documents to State plus essential processing work yet to be done at Sangley Point in preparation for the ultimate transfer to Philippine Republic. Two-fold objective this plan has been, first, to feature US follow-through in consonance with joint Nixon–Magsaysay statements; and second, to prepare plausible reason for resisting inevitable Philippine Republic pressure to transfer documents earlier rather than later.

Not being in Manila and not having the feel of the place yet, it is difficult to make snap decisions on this public relations problem. I

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[1] Source: Department of State, Central Files, 711.56396/7–2656. Secret; Priority.

[2] Apparent reference to the United States as "Uncle Sam."

am presently thinking about going to Manila without documents and having them flown in a few days later specially. This would give us an opportunity to discuss the situation on the ground with Nufer and decide whether to exploit their arrival as planned or secret their arrival as would now seem to have been suggested.

My thinking is conditioned by the conviction that what we face is much more of a public relations than it is a negotiating problem. With the right kind of imaginative, effective, aggressive though dignified public relation effort, the negotiating problem should become somewhat less complex. Without this effort, the negotiating problem becomes not only difficult but hazardous.

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398. Telegram From the Commander in Chief, Far East (Lemnitzer), to the Department of State [1]

Tokyo, July 27, 1956—5:40 p.m.

FE 802082. Sent SecState and SecDef info AmEmb Manila PI COMNAVPHIL, Sangley Pt PI and CINCPAC FE 802082 exclusive for Robertson at State, Robertson and Gray at Defense, Nufer at AmEmbassy Manila, Switzer and Stump. For [*From*] Bendetsen.

This afternoon for the first time there was brought to my attention the text of the Tolentino Philippine representative congressional committee's special report on the 1947 base agreement,[2] when I was handed here in Tokyo a clipping from the *Philippine Herald* published in Manila July 12.

While I may well have failed to do my homework adequately during my relative brief stay in Washington in preparation for depar-

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[1] Source: Department of State, Central Files, 711.56396/7–2756. Secret.

[2] On April 13, the Philippine House of Representatives passed a resolution authorizing the creation of a special committee to reexamine all official agreements with the United States. The committee, headed by Arturo M. Tolentino, the House Majority Floor Leader, submitted its report on the Military Bases Agreement of 1947 to the Speaker of the House on July 10. In its report, the Tolentino Committee proposed the following revisions of the agreement: (1) obtaining the consent of the Philippine Congress before the bases could be used in wartime; (2) enforcement of Philippine law on the bases; (3) extension of jurisdiction of Philippine courts to all offenses committed against Philippine law, whether on or off base; (4) reaffirmation of the right of the Philippines to exploit all mineral and other natural resources within the bases; (5) confinement of the military reservations to such areas as were absolutely essential for the bases; and (6) reduction of the duration of the agreement from 99 years to 25 years. Ambassador Nufer summarized the Tolentino Committee's report and related developments in a memorandum to Bendetsen dated July 27. (*Ibid.*, Manila Embassy Files: Lot 76 F 161, 430.3, Military Bases—General)

ture, the text of this report has not to this moment been either specifically mentioned or made available to me.

I am curious to know whether it was communicated from Manila prior to my departure from Washington and also whether you have had a chance to review it. As COMNAVPHIL is an information addressee of this message, I am asking him by this means to ascertain whether the text has been communicated to you and if not, to transmit it electrically to you as a matter of priority action.

While some of the points this report covers were mentioned during my conferences at Washington, all of them were not. I do not desire to create the impression in your minds that the specific contentions advanced by the report necessarily surprise me, I do emphasize that I am now aware for the first time of the entire content of an official published report on an agency of the Philippine Government which takes a public position that as an integral part of the base negotiations the Philippine representative President [*present?*] must ask modification of the 1947 agreement. After you have had an opportunity to read the report, if you have not already done so, and after I have had time to reflect upon its significance, I will have comments to make to you from Manila.[3]

[3] In an exclusive telegram for Bendetsen, July 28, Gordon Gray noted that the text of the Tolentino report had not yet been received by the Departments of Defense or State. "Feeling here," Gray noted, "on basis press summaries of this report and similar previous committee recommendations, is that several parts may be simple negotiating gambit to be knocked down during negotiations with Philippine panel. State concurs substance foregoing." (Department of Defense, OASD/ISA Files, FMRA Records, Philippines)

399. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, July 28, 1956—3 p.m.

244. Dept pass Defense. CINCPAC and COMNAVPHIL has by other means for info. Emb has just received note from Foreign Office outlining terms under which PhilGovt desires conduct forthcoming bases negotiations. Note begins with ref to and quotation of joint communiqué by Pres Magsaysay and Vice Pres Nixon. Continuing,

[1] Source: Department of State, Central Files, 711.56396/7–2856. Confidential; Priority.

note proposes following items for discussion with US Mission in forthcoming conf:

1. Transfer to PhilGovt of all title papers and title claims held by US to all land areas used either in past or at present as military bases, temporary headquarters and installations in accordance with joint statement of Magsaysay and Nixon.
2. Turn-over to PhilGovt areas listed Military Bases Agreement which no longer needed by parties.
3. Delimitation metes and bounds all bases under active occupation and control US.
4. Revision certain provisions agreement to ensure effective exercise Phil sovereignty over base areas (such as jurisdiction, taxation, customs, immigration, communications, mineral, water rights and other natural resources).
5. Revision provisions rel term agreement and determination of use of bases.
6. Expansion and development some US bases as may be needed by military requirements for mutual security and defense both countries this area.
7. Acquisition additional land areas deemed necessary by both govts for mutual security and defense both countries this area.
8. Contribution by US such equipment and physical facilities as may be needed by PhilGovt for effective security and defense Phils and US this area.

Text note being forwarded by despatch.

Dept will observe items 4 and 8 are the most objectionable from our point view and probably most significant from Phil point view.

Bendetsen and I will have opportunity for full discussion note in advance of luncheon to which Pres has invited us Monday.

Nufer

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400. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 14, 1956—6 p.m.

410. State pass Defense; CINCPAC. Sent State for Robertson, Defense for Robertson and Gray from Nufer and Bendetsen. Summary U.S. presentation reported Embtel 397.[2]

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[1] Source: Department of State, Central Files, 711.56396/8–1456. Secret.

[2] Telegram 397 from Nufer and Bendetsen, August 13, summarized the second formal meeting with Philippine representatives in regard to the proposed revision of the Military Bases Agreement. (*Ibid.*, 711.56396/8–1356) The talks began on August 11.

Major lines developed were:

1. Base system intended develop defensive shield in Philippines so that aggression here by Communists would involve risk global war, risk unacceptable to them as would be disastrous to Communist cause.

2. Weak undefended soft spots invite Commie local aggression whether by covert or overt means.

3. While Phil base system desirable in both Phil and common defense, we attempted to dispel any impression that we have no place else to go.

4. Phil bases reflect U.S. forward strategy and U.S. intent defend Phil and free Asia.

5. In light U.S. presentation of threat what are Phil views on defense requirements for Philippines?

Development this tactical line clearly placed ball in Phil court. They obviously unprepared this approach and fully expected U.S. presentation conclude with list of base requirements. Our objective is to force Phils show their hand completely as to grievances as rapidly as possible before disclosing U.S. position on land requirements and lands to be released.

Fully appreciate Phil administration as result numerous grievances has domestic political problem re U.S. bases to which we must give sympathetic consideration. Although we feel Magsaysay and Pelaez anxious conduct negotiations in manner beneficial both countries, it seems to us that from realistic domestic political point view especially in light Presidential elections next year Phil Govt will insist satisfactory settlement major grievances. Believe in past years we may have been generous but not always understanding of their domestic political problems. Consider essential that during course these discussions we be prepared reach mutually satisfactory agreements without direct revision MBA which are major domestic political irritants to Magsaysay.

Phil panel met 0800 hours today to prepare its presentation on Wednesday. AFP source indicated to members Bendetsen group last night that AFP agrees with U.S estimate of threat. Also reported that Phil Congressmen Cuenco and Babao [3] stated U.S. bluffing in creating impression that we would have other alternative to Phil bases for defense U.S. and Phil should call U.S. bluff. We consider most unlikely Phil administration will give serious thought this tactic but Cuenco may express personal view.

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[3] Mariano Cuenco and Numeriano U. Babao, members of the Philippine negotiating panel.

Press coverage extensive and detailed. Most papers reproduced full text Bendetsen's opening and closing remarks which were released to press. Press reaction fairly objective and moderate in tone.
Nufer

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401. Letter From the Acting Secretary of Defense (Robertson) to the President [1]

Washington, August 21, 1956.

DEAR MR. PRESIDENT: A United States Delegation is currently negotiating with representatives of the Philippine Government for additional land urgently needed to expand certain United States military bases in the Philippines. These negotiations are based on the statement of principles issued jointly by Vice President Nixon and President Magsaysay on July 4, 1956, in which it was agreed that the Philippine Government would contribute the agreed land areas and the United States would release to the Philippine Government those base areas agreed to be no longer required by U.S. military forces in the Philippines. The United States in addition expressly reaffirmed Philippine sovereignty over the base areas and agreed to turn over to the Philippines all title documents and title claims to all areas which we presently hold as bases, it being understood that this would not affect U.S. use rights under the 1947 bases agreements.

Philippine negotiators have now made a strong plea that the Philippine flag be flown over U.S. bases along with the U.S. flag in an effort to meet extreme Philippine sensitivity regarding retention of their sovereignty over the U.S. bases. They have assured us at the same time that flying the Philippine flag would be purely symbolic and would in no way interfere with U.S. operations or with U.S. freedom to use the bases as required for military purposes.

The United States negotiating team has strongly urged that we acquiesce in the Philippine request regarding their flag.[2] Under the arrangement proposed U.S. personnel would be responsible for raising and lowering the Philippine flag under the same conditions as the U.S. flag thus eliminating any necessity for stationing Philippine personnel on the bases. Our representatives have further pointed out

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[1] Source: Department of State, Central Files, 711.56398/8–2156. Confidential.

[2] In telegram 448 from Manila, August 18, Ambassador Nufer commented: "In my view the flying of the two flags will have no effect upon basic principle that U.S. shall maintain effective control of bases. On other hand, agreeing to fly two flags will greatly enhance our negotiating position." (*Ibid.*, 711.56398/8–1856)

that agreement by the United States would greatly assist in reaching agreement with the Philippine Government and would aid President Magsaysay in countering his political opponents who have charged that U.S. bases in the Philippines endanger Philippine sovereignty.

There are, nevertheless, significant disadvantages to U.S. acquiescence in flying the Philippine flag. Whereas President Magsaysay has popular support in the Philippines, flying their flag over U.S. bases might lead to later demands for actual Philippine control or participation in the operation of the bases, should President Magsaysay or his successors not be able to withstand political pressures. It may also lead to future Philippine demands for joint command of the base areas and the U.S. forces stationed there.

Also of importance are the implications with respect to the policy of flying flags of host nations in other countries where the United States has bases. We can anticipate a request from the Canadian Government that their flag be flown over U.S. leased bases in Newfoundland and similar demands from other nations such as Cuba, Panama and the British Caribbean territories, where the U.S. flag alone is flown over our exclusive use bases. However, at the request of certain nations we already fly the flag of the host country on certain other bases used exclusively by the United States. This is the situation, for example, with Army and Air Force installations in France, Greenland, Italy, Morocco and Saudi Arabia. The flag of the host country is also flown over bases used jointly with the host government in Canada, Taiwan, France, Greece, Iceland, italy, Japan, Korea, Morocco, the Azores, Spain, and the United Kingdom.

This matter has been discussed with representatives of the Department of State who, after considering the advantages and disadvantages, recommend that the United States agree to the Philippine proposal that their flag be flown over U.S. bases.

The Department of Defense is also prepared to accept the recommendation of the U.S. negotiators in this matter, on the understanding, to be confirmed publicly, that the flying of the Philippine flag is symbolic only, with no relation to the command and control arrangements already set forth in the 1947 bases agreement. We would also expect to take similar action to fly the Canadian flag over U.S. leased bases in Newfoundland if we are formally requested to do so. Future requests, if made formally by other governments, would be treated on a case-by-case basis after review with the Department of State.

In view of the implications of this matter, particularly as it could affect U.S. operations on bases throughout the world, we have considered it desirable to bring this matter to your attention and obtain your concurrence before taking final action in the Philippine negotiations. I recommend that if it is convenient for you to do so prior to

your departure from Washington, Admiral Radford and I discuss the problem with you.[3]

With great regard, I am

Faithfully yours,

R. Robertson

[3] An attached memorandum that specified current policy regarding the flying of the host country flag in 24 different nations with U.S. military installations is not printed.

402. Memorandum of a Conference With the President, White House, Washington, August 21, 1956, 10 a.m.[1]

OTHERS PRESENT

Secretary Robertson
Admiral Radford
Colonel Goodpaster

The meeting was held to consider whether the U.S. should agree to the flying of the Philippine flag, in addition to the American flag, on U.S. bases in the Philippines. Mr. Robertson handed the President a memorandum on the subject, and discussion centered on the effect of taking this action in the Philippines, and the effect in other areas in which the U.S. has bases.

The President indicated he was inclined to favor the flying of the Philippine flag as a symbol of their residual sovereignty. It must be made clear that such flying is symbolic, and no more; local commanders must be polite but firm in making this clear.[2]

The President asked if he was correct in his understanding that the U.S. has only two bases in the Philippines, and Admiral Radford confirmed that this was true and that the bases are Clark Field and

[1] Source: Department of State, Central Files, 711.56396/8–2256. Secret. Drafted by Goodpaster on August 22. In an attached memorandum for Fisher Howe of the Executive Secretariat, Goodpaster instructed him to forward copies of this memorandum to the Departments of State and Defense in connection with discussions which Defense was scheduled to have with State regarding the President's suggestion.

[2] Another memorandum of this conversation, prepared by Reuben Robertson, amplifies the President's remarks:

"He pointed out that the experience of the British of holding back and yielding the minimum in respect to any points beyond their base agreements had, over the years, resulted in unhappy situations in Suez, Cyprus and Iran. He felt in today's world it was better to recognize these symbolic matters relating to sovereignty in the beginning." (Undated memorandum; Department of Defense, OASD/ISA Files, FMRA Records, Philippines)

Subic Bay. There are some outlying radar stations and the like, and there is negotiation concerning dispersal bases, but these are of a different character.

During the discussion of effects of this action that might be felt elsewhere, the President advanced a suggestion that the U.S. might take the initiative by asking host countries if they would have any objection to giving us the privilege of flying their flag at installations we may have on their territory. Initially he thought this procedure might be tried in the Philippines. Inasmuch as the Philippines have already advanced the proposal, and there are other matters under negotiation, he later indicated he would be agreeable to having this question included as part of a "package" arrangement. He thought the matter should be taken up with the State Department by Defense. In the case of the Philippines we could say that since this matter has come up we have considered it and we are, as a mark of courtesy, asking other countries if we might fly their flags in the same way.

Admiral Radford mentioned that Philippine negotiators have raised the question of a requirement for consultation in event of hostilities as to whether the bases in the Philippines could be used.[3] The President felt this was an entirely different kind of question than that relating to the flags. It would be impossible to plan and make preparations if we were uncertain as to whether the bases were available. If such an issue were raised, and if we foresaw constant trouble being created over the use of the bases, the proper course might well be simply to pull out. Viewing the question of bases more broadly, he felt that we should not adamantly oppose all change, since times and conditions change markedly from those existing when agreements were first made, and he thought we must be very skillful in adjusting to change in a manner which maintains an attitude of friendship and cooperation with the host countries, and at the same time gives the assurances on which planning and preparations are dependent.

A.J. Goodpaster [4]
Colonel, CE, US Army

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[3] This was one of the points raised by the Tolentino Committee in its report of July 10. See footnote 2, Document 398. In telegram 461 from Manila, August 20, Bendetsen and Nufer summarized the issue of prior consultation as follows: "It is evident that Phils are thinking about U.S. use of such bases in hostilities where U.S. might intervene where no attack had been made on either U.S. or Phil or on territories or forces of either." (Department of State, Central Files, 711.56396/8–2056)

[4] Printed from a copy that bears this typed signature.

403. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 22, 1956—3 p.m.

477. SecState for Dulles, Hoover and Robertson. Request immediate transmission to Defense for Wilson, Robertson, Gray and Radford; will be sent other means CINCPAC as ALUSNA 221155Z. For Stump. From Bendetsen and Nufer. Reference Phil Milba. Message is in three parts.

Part I. This part summarizes situation:

A. Bendetsen not optimistic about situation. He considers that there has been a basic misappraisal of seriousness of situation here. Regrettably the unfortunate Brownell opinion maneuver did much damage to U.S.-Phil relations. He feels that this led to the erroneous conclusion that by conceding on the title issue as we did on July 4 that the U.S. thereby virtually cured the disease, and undid the basic damage. He believes that while it was essential to yield on title issue as a gesture of friendship and that such action did clear the air somewhat, it by no means remedied the situation. He feels that beneath the surface, U.S. relations have in fact deteriorated to a serious degree and that the foundations are dangerously weak and that the U.S. faces a series of basic and hard decisions. It is also Bendetsen's conviction that if the U.S. were to press Magsaysay into accepting an executive agreement regarding bases of the specific nature the U.S. now has in mind, even if by minutes of understanding we were to suspend our jurisdiction over Phil nationals on U.S. bases, it would not last because it would rest on what has become a set of poor foundations. He also feels that such a step on Magsaysay's part would weaken him. He might still get adequate votes from the people next time, but he would simply have no effective political organization. Bendetsen believes Magsaysay would not have the members Congress with him. Magsaysay has precious little organization now.

B. Bendetsen believes this negotiation is regarded by Phils as a necessary means of reviewing the entire relationship between two countries and that there is no practical way of changing their view. On other hand from U.S. point of view negotiation began in spring of 1949 as a land settlement pursuant to MBA. Actual negotiations then lasted one day. Title question arose. Brownell opinion later sought and delivered to Phils with explosive results. Negotiations no longer matter of land settlement as we have tended to regard them.

C. Situation largely stems from three sources.

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[1] Source: Department of State, Central Files, 711.56396/8–2256. Secret; Priority.

1. First is economic. This is the major cause of disease.

2. Second is that Phils consider MBA to have been forced on them by Roxas despite high sounding phrases in Roxas speech to Phil Senate when ratified there. Present member of Phil Senate who was then Phil Sec Def and member of Phil base negotiating team [2] expresses this view with eloquence and conviction. Proof to contrary next to impossible as U.S. records are poor with no transcript and nearly everyone else directly concerned on both sides now dead. Phils also point out that nearly all base agreements by U.S. with other nations since 1947 are different and more favorable to host nation particularly as to jurisdiction, etc., even with former enemy Japan.[3] On the published record of such agreements Phils are substantially correct. This lends weight to attack on MBA. To say MBA has the support of Phil voters because they voted Magsaysay into office with large majority is a myth. Most little Filipinos are too worried about tuberculosis, high prices, a job and a living to have foggiest idea on subject. But the articulate politicos believe they know all about MBA and other U.S. base agreements and do not like it. Neither U.S. nor Magsaysay can win here in long pull if politicos are against U.S. Some influential politicos are beginning to turn now and will do so unless we repair the foundations before it is too late.

3. Third cause in Bendetsen opinion is that U.S. has veered U.S. base problem out of perspective for several years. This has reflected itself in Embassy here. Often this subject has pre-empted major time and concern of top officials. Too often stress has been laid on idea that poor and thoughtless actions by U.S. military in base administration, such as in case of check points and Santamaria,[4] virtually sole cause of our problem. These incidents are not the cause of basic problem. They merely pour salt on wound, but wound was already there.

D. Highlights Phil impressions contributing to basic deterioration in the Phil-U.S. relations are:

1. Published provisions of base agreements between U.S. and Spain, NATO [5] and Japan are much more considerate and favorable regarding jurisdiction, law enforcement, term and joint consultation than Phil MBA. U.S. proclaims friendship, mutual confidence and trust and Phils have form of government like U.S. but U.S. does not actually trust them. We have not closely consulted; we do not tell them what is going on at bases or even generally how we plan to use them. We say they are sovereign but their laws do not de facto apply at bases and we do not adequately cooperate with them on endorse-

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[2] Ruperto Kangleon.

[3] Apparently a reference to the Administrative Agreement under Article III of the Security Treaty, signed in Tokyo on February 28, 1952, and entered into force on April 28, 1952 (TIAS 2783); and to the Protocol to Amend Article XVII of the Administrative Agreement, and Agreed Official Minutes, signed at Tokyo September 29, 1953, and entered into force October 29, 1953 (TIAS 2848).

[4] See footnote 2, Document 390.

[5] Apparently a reference to the Agreement between the parties to the North Atlantic Treaty regarding the status of their forces, signed in London on June 19, 1951 and entered into force for the United States on August 23, 1953. (TIAS 5351)

ment even as to violations by Phil nationals because we won't allow any Phil official to have office on base or access to Phil nationals on bases in most cases.

2. This adds up in their minds the idea that we treat them as fourth rate nation.

3. Phils convinced we give more aid to former enemies, Germany and Japan, than we give Phils.

4. Phils consider they afford U.S. greatest opportunity to prove to Asia that our way of life is best, but Phil economy dismal, large part in hands of Chinese with Japanese about to come in and exploit Phil resources. U.S. seems to them to be too little concerned with their economic plight.

5. Phils believe military aid program inadequate and unrealistic in face of their economic condition.

E.

1. If U.S. considers good relations with Phils to be important for long term we must recapture lost initiative. This cannot be done unless we are willing to change our sights and convince them that we do trust them as partners. To convince them that we do trust them and that we do not regard them as fourth rate power we would need to revise somewhat base agreement to make it look as good to them as do the published agreements with Japan and NATO. The basic question is whether U.S. is willing to take such a step as this during these negotiations. If we are not then any resulting settlement which Magsaysay might be persuaded to impose would in Bendetsen's opinion be short term and of doubtful value, and should not be attempted.

2. Bendetsen feels it possible to make a start on repairing foundations, recapturing initiative and improving relations which would be reasonable, on balance and with which U.S. could live. But he also feels that separately from these negotiations the U.S. should urgently consider how more effective steps could be taken under appropriate U.S. leadership to bring about conditions whereby Phil economic level will be raised.

3. When Bendetsen has further pursued his talks with Pelaez and others during the next few days he may propose that he return to Washington for consultation.

[Here follows the second part of this telegram, which concerns practical negotiating problems and recent decisions made by Bendetsen to deal with them. Bendetsen reported that he had decided against negotiating with either the entire Philippine panel or any of its several subcommittees since such a procedure would be very time-consuming and the "U.S. position would be inevitably disclosed point by point in least favorable and most prejudicial manner." Instead, he had chosen to negotiate with Senator Pelaez alone. This, he believed, would be a more effective tactic since Pelaez appeared to be an extremely able negotiator who was honest, sincere, and "pro-

American in the sense that he considers good relations with U.S. are vital to both countries but must rest on firm foundations."]

Nufer

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404. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 25, 1956—12:50 p.m.

517. For Hoover and Robertson. State pass Def for Robertson, Gray and Radford. Info CINCPAC for Stump by other means Priority. This message in seven parts From Bendetsen.

Part One: Ref Phil Milba. Your 616 [2] acknowledged. Assumption that issue has not been squarely and forcefully put to Phil negotiators not correct. It has been repeatedly and from the start during my first conference with Magsaysay at breakfast on 29 July, during which MBA was first subject mentioned by Magsaysay, and I made firm, unyielding response covering all points mentioned in 616 plus others. Since then issue has been repeatedly raised with me by Phil panel members including the moderate and friendly Pelaez as well as by pro-US members of Phil Senate and House. 68 have consistently taken firm position not only against any revision of MBA but also against any express, implied, direct or indirect modification of 99-year term.

Part Two: Arguments you mentioned which you appear to feel would be accepted by Phil negotiators have been advanced with no impact whatever. Under your solution or mine, if any base facilities had been deactivated and crisis later arose such as Korea, if political situation in Phils was then adverse to US, the problem would be exactly the same. It would also be exactly the same under circumstances you cite if nothing at all were to be included on this subject in ultimately negotiated package. If MBA stood with no minutes of understanding to the effect that we would consult with Phils from

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[1] Source: Department of State, Central Files, 711.56396/8–2556. Secret; Niact.

[2] In telegram 616, a joint State–Defense message, August 24, Bendetsen was given the following advice:

"As practical matter we can foresee situation similar to 1949 where we might ourselves wish to curtail our base activities in the Philippines. If agreement were to be sharply curtailed or terminated under these circumstances later crisis of Korean proportions would inevitably lead to negotiation of new base agreement under possibly adverse political circumstances. This would not provide long term flexibility required for mutual defense planning and we believe if issue squarely put to Philippine negotiators they would appreciate this practical point." (*Ibid.*, 711.56396/8–2156)

time to time regarding the continuing need for specific facilities, our position would also be exactly the same. If in future years we curtailed base activities here, a possibility I also foresee, and if a crisis of Korean proportions arose at a time when political climate here was adverse, the problem the U.S. would then face in reactivating such bases would as a practical matter be precisely parallel to what it would be under your solution, my solution or no solution at all.

Part Three: Reliance on the so-called sanctity of contract in such matters as this is an illusory practice. We must rely instead on the sanctity of underlying relationships. A current example of the illusory nature of the so-called sanctity of contract is the case of Suez despite the Constantinople Convention. In order to have anything of substance upon which to rely, we must place our reliance on the sanctity of relationships between the parties. This is true of all human relations including relations between governments and peoples. In order to do this successfully, we must have good relationships to begin with and we must advance and promote them in sound ways that do not prejudice US interests. Relying upon the sanctity of contract without improving upon the relationships that now exist here would be prejudicial to US interests. When I talked with Hoover before I left Washington, he will recall that he mentioned the situation at Abadan in Iran which confronted the British there. Hoover spoke to me at length about the tragic fact that the British apparently did not realize that conditions which ultimately led to expropriation had arisen many years before the blow fell; he also told me that the British authorities had placed reliance on the fine print in the contract with the Iranians instead of upon the fine points of preserving the sanctity of their relationships. We may be allowing ourselves to fall into the same kind of a trap here. If so and if we persist in this course, we too will face the equivalent of expropriation at some not too distant future date. But the opportunity for averting such an unnecessary and inexcusable consequence has not yet passed. We can still prevent it without sacrificing anything of real substance. We must be sufficiently wise and flexible to discern between narrow legalistic concepts and the practical problem of dealing with the proud sensibilities of a people who want to be our friends and whom the US needs as friends. All the Phils really ask is recognition of their sensibilities and evidence that we trust them. The things they ask we can gracefully give without yielding a single dollar and without yielding a single ounce of substance, privilege or right.

Part Four: Up to now I am convinced our approach during the past several years as to how we go about securing our requirements here for the short, intermediate and long term has not been profitable or effective. Our relations with Phils have declined these past

several years. They have neither remained static nor improved. This undeniable fact ought to prove something. So also should the fact that it took nearly a year, so I am advised, to prepare and jointly issue the relatively simple Nixon–Magsaysay statement. But what it does not prove is that our good friends of stature among the Phils are merely opportunistic, demanding, unreasonable and unreliable children. Our good friends of stature here are trying to help us in our efforts to preserve Southeast Asia for the Free World. They see the problems ahead with considerable clarity in my opinion. They sense that if we fail here we will also fail in Southeast Asia, and they know that such a failure would spell their destruction, and they are at least as deeply concerned about it as are we. They also know that US failure here could be forced by the dissident-neutralist-Communist Phil factions. They know too that they may not be able effectively to help US and themselves in maintaining a pro-American orientation here unless the United States helps them by giving them some demonstrable evidence that they can use against these dissidents. By demonstrable evidence that they can use them [garble] practical evidence that we trust; practical evidence that we do not regard them as a fourth rate nation or as a protectorate; practical evidence that we are willing to accord to the Phils whom we proclaim to be our friends, not necessarily the same but equivalent terms and conditions regarding bases, status of forces, as we accord our former enemies and our allies in Europe. We therefore need to recognize that these Phil friends of ours have not in fact asked anything unreasonable in these negotiations; they have not in fact asked that the US give up anything of substance or anything that would impair the effective and flexible use of our bases or US long range planning for such use. For example, I am satisfied I can deal with the points mentioned in a previous message on consultation regarding wartime use of bases [3] without changing anything in the MBA in any way and without creating any bear traps for us.

Part Five: On the contrary, I think we have an opportunity greatly to solidify our foundations here if we are willing to be mature and meet the process of growth and change that is going on in this country. I am convinced we can do this; that we can in fact promote the US position here without yielding anything that would prejudice US interests in fact. It is necessary to add this qualification, however. If the US considers that strict reliance on the sanctity of contract is the only way to serve our interests, then I am not sanguine about our prospects for the short, intermediate or long term. . . . Also it seems to me there is little real difference except in degree between relationships and contracts between governments on

[3] See footnote 3, Document 402.

the one hand and private interests on the other. Most successful businessmen are more concerned about maintaining good will than they are about the fine print in their contracts. They do not hesitate to review their contracts with the other party and to modify the terms which conditions have changed. Moreover, such businessmen often voluntarily offer to change the provisions of a long term contract favorably to the other party without being importuned when they have given better terms to some other customer since the time when the original contract was executed. This practice should afford us something to consider here in this case. Since 1947 the published record plainly shows we have given better terms with respect to a similar line of merchandise (U.S. bases) to other nations including our former enemies. I would be glad to argue the quality of our position here in the face of that record if only someone would tell me how.

Part Six: In the light of the foregoing, I urgently ask that you reconsider your 616. Under my proposal, so long as there were even one US base in the Philippines, no matter how small or how inactive, the MBA would remain in force. Only if the time came when there was not even one US base here, could we then enter negotiations for termination of the MBA. If the political climate here grows strongly adverse to the US, the MBA in its present or in some other form won't help us. By authorizing my proposal, we change nothing in reality. We would need to consult with them anyway, and two parties to any contract can agree to terminate it any time no matter what the contract fixes as its term. So what does my proposal actually change from the point of view of the US? If it changes nothing of substance, it would be in our interest to adopt it as one of the several kinds of evidence that our Phil friends need to help the US here.

Part Seven: However, unless I hear from you to the effect that you have reconsidered, I will proceed in accordance with your 616 and do the best I can.

Nufer

405. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 27, 1956—1 p.m.

525. Dept pass SecDef priority for action; passed CINCPAC for info as ALUSNA Manila's 270700Z. For Hoover and Robertson at State and Robertson, Gray and Radford at Defense, and for info to Stump at CINCPAC. From Bendetsen. Reference: Phil Milba. In anticipation of our forthcoming telecon, it may be of assistance to amplify upon the views expressed in 477 and in 517.[2]

The pessimism I have expressed to you is based upon my conviction that we cannot accomplish anything of value in these negotiations if the U.S. considers that our problems respecting bases are superficial, are concerned with check-points, Santamaria type incidents, and that they can be solved by a land settlement and the release of title and title claims. However, as I said in my 517, the opportunity for a constructive result without real prejudice to any legitimate U.S. interest has not yet passed. If we revise our approach to the problem and to what we might be willing to do in these negotiations, essentially with respect to such matters as jurisdiction, cooperation in the legitimate application and enforcement of Phil laws on U.S. bases, and duration (again, as amplified in my 517) then, in my opinion, we have a good chance to obtain a satisfactory result and to make a start on rebuilding our relationships.

Since my arrival here, assisted by a competent staff and with all the energy I could bring to bear, I believe I have developed and reported to you the issues deterrent to these negotiations, which, unless favorably resolved would prejudice U.S. interests. In the absence of a soundly concluded negotiation here and now I understand from good authority that the U.S. can expect a concerted political attack upon Magsaysay, his supporters, and the U.S. the opposition politicos are said to be awaiting only the conclusion of these negotiations to take the political offensive. It is my view, and this view is shared by those whom I believe to be competent observers, that if the issues I have identified to you and on which I have made recommendations are favorably resolved along the lines proposed, Magsaysay and his supporters will be able effectively to deal with this campaign and to emerge stronger than ever.

Further to amplify on previous msgs, as I have indicated, the negotiations have not turned out to be the simple land settlement problem which I allowed my Wash briefings to lead me to believe. This was doubtless my own fault, but at least it is only fair to say that I

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[1] Source: Department of State, Central Files, 711.56396/8–2756. Secret.

[2] Document 403 and *supra*, respectively.

left there with an impression which I have found to be unrealistic. I should add that while I was competently briefed on Olongapo, check-points, the Santamaria incident, and other irritants, and on many other aspects collateral to our U.S. base requirements, I developed the impression that by taking a few steps to avoid such incidents in the future and by releasing title and title claims, this would do the trick.

Instead of encountering a relatively simple land settlement problem, I have found myself caught in the midst of a profound and sincere national reexamination by the Phils of the entire fabric of the U.S.-Phil partnership. This reappraisal in my opinion is not simply a Recto-inspired anti-U.S. attack. Neither does it stem alone from other dissident Phil factions. It would be a mistake to construe it necessarily as anti-American, rather it is basically pro-Phil.

While I have done my best to prevent these Milba discussions from being broadened to embrace these complex and interrelated issues, it is clear that many responsible Filipinos here do not regard the Milba negotiations as a question that can be considered in isolation or merely as a long deferred land settlement under the MBA. Rather, they have taken the position that despite U.S. protestations about the "mutuality" and the "special relationship" of the U.S.-Phil partnership, the record when viewed in comparison with what the U.S. has done with respect to other Far Eastern and European nations, including some declared neutrals, does not bear us out. I realize I am not reporting any facts which have not already been brought to your attention. I am animated by the thought that in this and previous msgs it might be of value to send [illegible] as an outsider and reasonably unprejudiced observer in an attempt to describe the mental uncertainty and turmoil which besets some of the most intelligent and conscientious pro-U.S. Phil leaders at this particularly difficult phase of Phil history.

The Phils are fiercely proud of their independence, and while nationalist sentiments have never been stronger, responsible Phil leaders when they analyze their situation realistically, as they do, cannot help but conclude that their country's choice is for all-out U.S. collaboration. For practical purposes these leaders consider that there are but three courses of action which the Phils could take, namely: first, to continue to align themselves squarely with the U.S. and to follow our lead in all important matters; second, to turn to neutralism; or, third to succumb to Communism. Fortunately, there is no serious thought that I can discover on the part of such responsible leaders to follow any course other than firm partnership with the U.S. They are not seeking to weaken the ties between our two countries; they are honestly trying to strengthen them. In these negotiations at least, they are not seeking to strengthen them through in-

creased material U.S. aid (although this is a naturally hopeful aspiration) but rather by bringing into the "unique relationship" with the U.S. those elements of respect, dignity, and mutual trust which are the true ingredients of human partnership.

I have been seriously concerned about the undeniable validity of some of the arguments of these responsible leaders. They have the feeling that the U.S. has interpreted Phil-U.S. agreements in what appears to them to be a thoughtless, arbitrary and paternalistic manner. They also feel that we have not given them the means of defending themselves against Phil opposition leaders who maintain that this country is merely a U.S. protectorate or puppet. As a minimum, we must at least give the appearance of taking the Phils more fully into our confidence and explaining to them the wider considerations which prompt some of the actions the U.S. is required to take in as the acknowledged leader of the Free World. If we do not do this, we will raise doubts concerning our true intentions.

In summary, what I am trying to get across is:

(a) If we forge an agreement in these negotiations without raising our sights and yielding on the issues I have raised, it would be my opinion that our bases here would have but short term value as a defense asset;

(b) If we do raise our sights and yield to the extent I have recommended, then our base system here can constitute a long term defense asset.

Nufer

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406. Memorandum for the Files, by the Deputy Under Secretary of State for Political Affairs (Murphy) [1]

Washington, August 27, 1956—6 p.m.

I discussed with the Secretary the question of the flying of the Philippine flag in addition to the American flag at the U.S. bases at Clark Field and Subic Bay, the Philippines, in connection with the current negotiations at Manila. I explained that Mr. Walter Robertson is meeting with officials at the Pentagon for a telecon at 7:00 P.M. this evening. I explained also the conversation I had with Under Secretary Reuben Robertson and Admiral Radford last week after their conversation with the President [2] who had favored the flying of

[1] Source: Department of State, Central Files, 711.56396/8–2756. Secret.

[2] See Document 402.

the Philippine flag as a symbol of their residual sovereignty but indicated that the matter should be taken up with the State Department, especially as it related to its effect in other areas where the U.S. has bases. I explained also that Admiral Radford had made a special point regarding Panama and indicated that the President had perhaps thought that the Panamanians would demand that the Panama flag be flown inside the Panama Canal Zone if they learned that we had agreed to flying the Philippine flag at our bases in the Philippines. I suggested to the Secretary that the two situations are not comparable due to the special situation we occupy in Panama. The Secretary agreed. He wondered what effect this might have on our situation in Okinawa. After consideration he thought the position in Okinawa differed substantially from the position in the Philippines.

Accordingly, I informed Mr. Walter Robertson, who was then at the Pentagon, that we could authorize our negotiators at Manila to include the flag question as part of the "package" arrangement in a manner which would be best suited to U.S. advantage without relation to the flag question in other areas.

RM

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407. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 27, 1956—9 p.m.

534. For Hoover and Robertson from Nufer. While the following already has been reported in substance by Milba communications, in view request contained Deptel 630,[2] I am submitting my own appraisal on local scene. This may help explain current negotiating difficulties.

As indicated in previous messages, negotiations have not turned out to be a simple land settlement problem. On the contrary, the thorniest problems encountered are on such intangibles as jurisdiction, enforcement applicable Phil laws on bases, terms of agreement, two flags, etc., which unrelated to land settlement but which loom largest in Phil's eyes. Settlement of title question by Magsaysay-Nixon statement did not solve the problem but in Phil's eyes was

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[1] Source: Department of State, Central Files, 711.56396/8–2756. Secret; Priority; Limited Distribution.

[2] Telegram 630, August 25, expressed concern at Bendetsen's pessimism and requested Nufer's "candid assessment" of the chances for success in the negotiations and comments on Bendetsen's appraisal. (*Ibid.*, 711.56396/8–2256)

merely sine qua non for initiation current Milba talks. It must be realized that Phils consider above-mentioned problems not only as irritants but directly affecting their national sovereignty, and believe MBA was forced on them by Roxas without real negotiations. They are so emotionally convinced of this that any attempt to prove the contrary would be of no avail and moreover they are keenly aware and deeply resent what they believe to be inequality of treatment as compared on bases agreements in other countries including former enemy countries.

I sincerely believe it is essential we conclude negotiations as rapidly as possible. The longer the delay the more difficult satisfactory conclusion becomes. Our inability so far to respond effectively on the many points Phils have raised strengthens their position in their own eyes.

The MBA discussions have naturally stimulated such groups as the Tolentino Committee to intensify their efforts to bring about a wholesale review of the entire complex U.S.-Phil relations and these activities are inevitably having their impact on Milba negotiations.

I fully appreciate that regardless of the sincerity of others the fundamental purpose of some Phil politicians, such as Speaker Laurel, who support the Tolentino Committee, is to exploit for demagogic reasons issues which could embarrass Magsaysay and generally weaken his position in the next year's election. Obviously, we cannot afford to let this happen. Developments here are being closely followed by Indonesian and Thai missions and I cannot help but feel that our failure to reach a satisfactory agreement with our best friends in this area would in the eyes of their governments cast grave doubts on sincerity our publicly announced policies Southeast Asia especially regarding our meaning of partnership.

To follow a constructive path here we must adjust our relationships to meet changing conditions. The Phils are a proud, emotional and sensitive people; especially sensitive to any conditions which they feel impair their independence or sovereignty. At the same time they are generally sincere in their friendship for the United States and do not seek to dissolve or weaken the ties between our two countries but to strengthen them by bringing about those adjustments which, in their eyes, are essential to their national integrity.

We must, therefore, be willing to consult with them; giving greater cognizance and weight to their legitimate aspirations and giving them greater evidence of trust and respect for them as a sovereign nation. Above all, we must show a more sympathetic understanding of the difficult period through which they are passing largely as a result of their rapidly growing nationalism.

We must recognize these developments and seek to channel them into a constructive and democratic pattern. As the Department

knows there are two types of nationalism here. Positive nationalism, as advocated by Magsaysay, which is based upon close cooperation with us. The other, supported by Cuenco and others, favors neutralism. If we fail satisfactorily to resolve those issues which Phils consider essential and which we believe we can do without impairing our ability effectively to use and operate our bases and without prejudicing United States objectives here or in other areas of the world, we inevitably weaken Magsaysay's policy and strengthen the hand of the Cuenco-type nationalists. I therefore consider it essential that all our decisions affecting U.S.-Phil relations take these considerations into account.

In summary, I am optimistic about our long term objectives in the Phils and about the possibility of attaining a satisfactory Milba settlement provided we recognize the realities of the situation as it now exists. If we cannot do so, then I would be pessimistic about the future and these negotiations.

Nufer

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408. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 30, 1956—9 p.m.

579. State for Hoover, Robertson; Def for Robertson, Gray, Radford; CINCPAC for Stump Priority by ALUSNA 301430Z. Also pass Niact Defense. Phil Milba msg. From Bendetsen: Reference your 666.[2] Your statements in Deptel 666:

a. "While fully appreciating your observations regarding depth of Philippine feeling on subject of US bases continue believe any past and present difficulties stem not from agreement itself but from certain unfortunate circumstances its implementation"; and

b. "We thus far however unconvinced any basic reason for Phil desire for changes other than those motivated by particular political ambitions opposition members"

convince me that I have failed to make problem clear to you. If issues stem in substantial degree from unfortunate past circumstances in implementation of MBA, rather than from fundamental causes I have endeavored to describe in previous messages, my negotiations

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[1] Source: Department of State, Central Files, 711.56396/8–3056. Secret; Niact.

[2] Dated August 29, not printed. (*Ibid.*, 711.56396/8–2956)

here could have been favorably terminated sometime ago. In same message you request:

"If there are other considerations present of which we unaware would appreciate your further advice and specific recommendations."

There certainly are and my further advice and specific recommendations follow:

1. I agree we could not live with an agreement which incorporated the recommendations of the Tolentino Committee. Am virtually certain it would not be necessary to go that far in order to obtain an agreement which the Phil Government could be expected fully to support. Have encountered no serious effort by Phil panel to force recommendations of Tolentino Committee in toto. If I had, I would have long since proposed to recess negotiations and return.

2. In the fourth paragraph of your message you state: "We continue to believe, however, that if Philippine interests adequately and visually protected, agreement will be an asset to Magsaysay in this fight." This is exactly what needs to be done, viz., "adequately and visually protect" Phil interests. In order to do this, it is essential as a minimum (a) that as to criminal jurisdiction over US persons subject to military law, we use the same language as we have used in places like NATO and Japan. I believe I can successfully obtain substantial support for an agreement if we do this. I am also satisfied that it is essential that we be willing, as we have been willing in other places, to hand over any of our people who commit a crime which is of grave and special concern to the national government, and also those persons whose offenses are against Phil law only. That as to jurisdiction over offenses committed on US bases by Phil nationals, we fully relinquish, because, so far as I am aware, we have no such jurisdiction over the nationals of any other host country with which US has mutual defense arrangements. In this connection, I am now convinced after thorough probing that if I were to propose to Phils that the US suspend its jurisdiction over Phil nationals for offenses committed by them on US bases for a trial period of, say, two years, I would gravely insult their national sensibilities. This would be the same as saying openly to them that we do not trust them but that we do trust the Japs, for example.

3. The clearest way that I can express the reason why these jurisdictional changes are essential is because we have like arrangements in NATO and in case of former enemy, Japan. Even though, as you say, these changes would make little substantial difference in the jurisdiction which Phils can now exercise over US persons subject to US military law, it is still necessary that we make the change in wording because what the Phils want is the same words and music as the record plays in NATO and Japan. Stating it another way and

using universal language, a little semantic love play can get us what we need and, at the same time, make the Phils happy and self-dignified for the years ahead. We are now somewhat in the same position as the well-intentioned husband who loves his wife but does not tell her so. If you feel that we cannot go along with this minimum concession, it is my belief that we cannot reach agreement of lasting value and we should lay plans accordingly. For what it is worth, I believe it would be contrary to the interests of the United States in this important area, which is perhaps the keystone of US prestige in the Southeast Asia region, to decline to go as far with the Phils as we have gone in NATO and Japan as to SOFA aspects.

4. I am in the course of determining, without committing the United States in any way, the Phil rock bottom position on a package deal. I anticipate no insurmountable difficulties regarding base needs and delimitation of existing bases if we move fast enough. If we don't I am frankly unable to predict what will happen.

5. Upon reaching a determination of the Phil rock bottom position, a process I hope to complete not later than Monday, September 3, Manila time, I will cable you soonest the text of an agreement which I believe the Phils will accept and which I also believe the US could accept without bereavement to any essential security, operational control or basic military requirements.

6. Subject to your reaction to such cabled text, which I would need soonest, I believe it would be possible to reach agreement satisfactory to both governments and which the Phils could be expected to support and stand behind, by the end of the forthcoming week.

7. If we do not make the grade by that time, then in my opinion it would be essential to recess negotiations and for me to return to Washington for consultation.

Nufer

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409. Editorial Note

In the continuing military base negotiations, the issue of criminal jurisdiction emerged as a major obstacle to a successful settlement. Under Article XIII of the Military Bases Agreement of 1947, the United States had jurisdiction over offenses committed by any person within the bases "except where the offenders and the offended parties are both Philippine citizens (not members of the armed forces of the United States on active duty) or the offense is against the security of the Philippines." The Philippine panel strongly op-

posed this clause which it believed was a derogation of Philippine sovereignty. The panel, moreover, believed that the United States had concluded status of forces agreements with Japan and the NATO countries which were considerably more favorable to those host nations on the issue of criminal jurisdiction.

In telegram 596 from Manila, August 31, Bendetsen stated that it was "now clear that criminal jurisdiction presently looms as make-or-break issue in these negotiations." He laid out the crux of the dispute as follows: "To put it as clearly as we can, it is precisely the fact that Article XIII accords U.S. 'first right to exercise jurisdiction' on base when Phil citizen is injured party that is offensive to them. They not only regard it as offensive but discriminatory when compared with NATO, Iceland and Japan SOF." The Iceland reference was apparently to the Defense Agreement pursuant to the North Atlantic Treaty, signed in Reykjavik on May 5, 1951, and entered into force on that same date (TIAS 2266), and the annex on the status of United States personnel and property, signed in Reykjavik on May 5, 1951, and entered into force on that same date. (TIAS 2295) Bendetsen concluded that he foresaw no "insurmountable difficulties" in reaching a base agreement with the Philippines, but emphasized that a settlement would necessarily be contingent on a solution to the criminal jurisdiction issue. (Department of State, Central Files, 711.56396/8–3156)

In response to this and several other telegrams from Bendetsen and Nufer on the same subject (telegrams 601, September 3, 697, September 11, and 698, September 11, from Manila; *ibid.*, 711.56396/9–356, 711.56396/9–1156, 711.56396/9–1156, respectively), the Departments of State and Defense authorized certain revisions in the Military Bases Agreement but did not give Bendetsen the authorization he believed necessary to conclude a satisfactory settlement of this extremely technical question. In telegram 900 to Manila, September 18, the Departments of State and Defense summarized their position: "If, to meet what may only be transitory Philippine attitudes on this subject," they explained, "we accept limitations which are quite out of line with what has been and is being worked out with other allies. We are obviously both opening door wide to demands for revision of prior agreements and undercutting our negotiators in other areas. Result could be serious deterioration of our over-all position." (*Ibid.*, 711.56396/9–1256)

With the negotiations stalemated on the criminal jurisdiction issue as well as several other matters, Bendetsen had earlier determined that the only hope for a settlement lay in presenting the Philippine panel with an American "package" proposal for an overall agreement. Accordingly, on September 12 he drafted a proposed package plan and cabled it to the Departments of State and Defense

for consideration. (Telegram from COMPHILCOM to the Department of State; *ibid.*, Policy Planning Staff Files: Lot 66 D 487, Philippines) When State and Defense informed him that his plan could not be approved without considerable study, Bendetsen advised that the negotiations be temporarily recessed so that he could return to Washington for consultation. He was convinced that any further sessions with the Philippine panel, without reference to an approved United States package plan, would be fruitless since they would likely only heighten areas of difference between the two sides. (Telegrams 770 from Manila, September 17, and 515 from Hong Kong, September 20; *ibid.*, Central Files, 711.56396/9–1756 and 711.56396/9–2056, respectively; and telegrams 843, September 13, and 889, September 17, to Manila, 711.56396/9–1356 and 711.56396/9–1456, respectively)

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410. Memorandum of a Telephone Conversation Between the Secretary of State and the Deputy Secretary of Defense (Robertson), Washington, October 1, 1956, 7:09 p.m.[1]

TELEPHONE CALL FROM REUBEN ROBERTSON

R. said Bendetsen came back [2] and there have been several sessions with a large meeting today with all the military. It strikes R. from what he has put together so far there are 4 issues we may not be able to resolve happily in the military.[3] R. asked re the Sec's seeing B. and also B.'s talking with the Pres. so he can reflect to Magsaysay the Pres. is familiar with the problems—if we can get a position. If we can't resolve them we may want him to see things on the jurisdiction questions. The Sec. said he thinks before things bust the Pres. should have a chance to express his views. The Navy and Radford, said R., probably will be the toughest hurdle. The lawyers are coming along. The Sec. will call him in the a.m. to see him Wednesday. If we work something out that seems satisfactory, it will be helpful to his prestige to have him see the Pres., said the Sec.

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[1] Source: Department of State, Eisenhower Library, Dulles Papers, General Telephone Conversations. Transcribed by Phyllis D. Bernau.

[2] Bendetsen returned to Washington for consultations on October 1.

[3] Apparent reference to the questions of criminal jurisdiction, acquisition of additional land, customs controls, and the duration of the agreement.

411. Memorandum From the Second Secretary of Embassy in the Philippines (Brand) to the Counselor of Embassy (Walker) [1]

Manila, October 1, 1956.

SUBJECT

Significance of Military Bases to United States-Philippine Relations

Under the Military Bases Agreement of 1947 the United States has established three important military installations in the Philippines: A standby forward Air Force Base at Clark Field in Central Luzon; a major Fleet and Fleet Air Base at Subic Bay just outside Manila Bay on the Luzon west coast; and a Naval Air Station at Sangley Point in the city of Cavite on Manila Bay. None of these three bases were established to meet the demands of modern warfare; each rather is a more or less effective modernization of an old base established by the United States Army or Navy in the 1898 period. Each of them has serious disadvantages in the light of modern warfare conditions. Thus, the United States bases in the Philippines exist very largely because of convenience; they were already in existence during the American period before the war and they have been continued because United States military forces were already in them. Militarily they are vulnerable and therefore probably of marginal value and importance.

For a variety of reasons, however, continued existence of the bases is of political importance to the United States. We cannot afford the adverse impression which would be caused by the serious decline in Philippine-United States relations which would result from abrogation of the 1947 Agreement and closure of the bases here. For us too the bases are a symbol—first, of our determination to defend the Philippines and other free nations in Southeast Asia; secondly, of the military might which stands behind the relatively small forces actually stationed here. It is vitally important, therefore, that the United States reach a satisfactory agreement with the Philippines to settle the outstanding problems of the Bases Agreement. However, we must remember that these bases are more important to the Filipinos than they are to us and, therefore, we must not allow ourselves to be pushed so far by them as to make them forget the advantages which they obtain from the bases.

From the Philippine point of view the bases are of considerable political and economic importance. First, they are a visible symbol to the Filipino people that the United States will shoulder the burden of

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[1] Source: Department of State, Manila Embassy Files: Lot 76 F 161, 430.3, Military Bases—General. Secret.

defending this country. In this way the continued existence of the Philippines as an independent nation appears assured. Secondly, the bases are of decided importance to the economies of the areas in which they are located. Clark Field provides the only promise of a decent job for many citizens of landlord-ridden, poverty-stricken Pampanga Province. Subic Bay is the only absorber of excess population in the remote and under-developed Provinces of Zambales and Bataan. Without Sangley Point the city of Cavite would be a ghost town.

The advantages of the bases are understood by all leading Filipino politicians. However, the chauvinist wing finds the bases a ready source of ammunition with which to attack the present administration as a subservient tool of the American imperialists. The Philippine chauvinists seize eagerly on each minor incident between the United States soldiers and Filipinos and through their controlled press and radio magnify it into a major incident.

Therefore, although the presence of United States bases is generally accepted by Filipinos and despite the fact that relations between soldiers and local civilians are much better than in the neighborhood of many bases in Western Europe, the questions arising out of the administration of bases can provide material for serious trouble in the unstable emotional Filipino situation. For this reason it is extremely important that major military commanders assigned to this country appreciate the sensitivities of the Filipinos and avoid exacerbating minor incidents into highly emotional issues. It is important that the long-time existence of cordial relations between United States unit commanders and local Filipino officials no longer be used as an excuse for postponing action to solve legitimate Filipino grievances.

Successful conclusion of the current bases negotiations is an absolute pre-condition to any re-evaluation of the United States program toward the Philippines. No improvements in the United States approach to this country will have any important effect until by reaching a satisfactory solution to the bases problem we have (a) reaffirmed our recognition of Philippine sovereignty and independence and (b) demonstrated our willingness to settle the numerous nagging questions which military commanders have refused to discuss for far too many years. Once we have removed the basis for accusations that the United States is attempting to infringe on Philippine sovereignty and that the United States military still treats the Philippines as its colonial possession, the general atmosphere can be expected to cool off and the psychological situation will be far more favorable to us. Only in such an atmosphere can we expect that carefully formulated, realistically redesigned and improved programs to

solve specific political, economic, and military problems will be received with the enthusiasm they deserve.

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412. Memorandum of a Conference With the President, White House, Washington, October 6, 1956, 2:30 p.m.[1]

OTHERS PRESENT

Acting Secretary Reuben Robertson
Assistant Secretary Gordon Gray
Admiral Radford
Assistant Secretary Walter Robertson
Mr. Karl Bendetsen
Colonel Goodpaster

The meeting was concerned with the subject of Mr. Bendetsen's negotiations with the Philippines concerning U.S. bases and base rights in that country. The President asked Mr. Bendetsen for his assessment of what the Filipinos were seeking.

Mr. Bendetsen said that the principal problems as shaping up relate to jurisdiction over personnel, duration of the agreement, customs controls, and acquisition of additional land. The Filipinos have seen that the United States has concluded agreements with other countries on terms more favorable to those countries than have been offered to the Filipinos. Their approach has been one of hard bargaining throughout these negotiations.

In response to a question by the President as to what additional land is being sought, Admiral Radford said that the problem arises with regard to the delineation of the boundaries both at Subic Bay and in the Clark Field–Stotsenburg area. Definite, agreed boundaries for the reservations do not exist, and the Filipinos are considering the process of establishing such boundaries as "land acquisition." The President expressed himself in favor, and all present concurred, of giving up all other base areas in the Philippines (retaining in some cases rights of access in case of emergency). Facilities in Manila and Sangley Point were specifically mentioned.

With regard to the problem of customs, Mr. Bendetsen said it is planned for us to cut down drastically on the number of PX cards in the hands of Filipinos (former members of the Philippine Scouts, and widows of Scouts in some cases, still hold such cards).

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[1] Source: Eisenhower Library, Whitman File, DDE Diaries: Memoranda of Conversation with the President. Secret. Drafted by Goodpaster.

On the matter of duration of the agreement, Mr. Bendetsen said that the Philippine Constitution, although not completely clear on the point, may render invalid any agreement for more than twenty-five years. The President thought the matter of duration might be tied to the present world situation, with provision for renegotiation in event of a major favorable change. He thought it also might be tied to the duration of our trade agreement which gives special advantages to the Philippines. (Others present pointed out that it has not been considered too desirable to take the position of "buying" base concessions with unrelated concessions by the United States.) The President felt that it would be best to try to handle the base question as one "package" in light of the way the Filipinos are reportedly conducting the negotiations (they have a negotiating committee from the Congress, and as one point is conceded by the U.S. team, more are raised by the Filipinos). Secretary Walter Robertson said that he felt there has now been worked out on the U.S. side what looks to be a satisfactory packet for Mr. Bendetsen to present to the Filipinos.

The President said he felt we should definitely get out of the Manila port and city area, and thus remove an irritation to the Filipinos. He felt Magsaysay should be told that we want to work together cooperatively for mutual benefit security-wise and economically, but with a clear understanding that if the Filipinos do not think that cooperation with us is to their advantage, we are prepared to terminate our base agreements and trade concessions.

There was discussion as to the handling of the base agreement with the Congress. Walter Robertson considered that appropriate Congressional authorities should be contacted and kept informed at the present time. The President said he would think that the negotiations should be subject to approval in accordance with Constitutional procedures of the two countries, and indicated that he would see advantage in formalizing the agreement as a treaty or executive agreement.

The President signed a letter to Magsaysay recommended to him by Secretary Reuben Robertson, who stated that Secretary Dulles concurred.[2]

G.
Colonel, CE, US Army

Addendum: On the matter of jurisdiction over personnel, there was general discussion and indicated agreement concerning the desirability of adhering as closely as possible to the arrangements else-

[2] See telegram 1111, *infra*.

where in the world; otherwise continuing competition by countries concerned must be expected.

G

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413. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, October 8, 1956—2:54 p.m.

1111. For your information the signed original of the following letter from the President to Magsaysay is carried by Bendetsen. Letter was recommended by Department of Defense and concurred in by Secretary.

"October 5, 1956.

Dear Mr. President:

I have followed with deep personal interest the military base discussions between the United States and the Republic of the Philippines during the past several months, and I assure you that I consider their successful outcome to be of the utmost importance to our two countries.

I feel sure that the mutual friendship and understanding which has so long existed between the peoples of our two countries will have been furthered by the full and frank exchange of views between the representatives of our two governments during the talks at Manila. The splendid cooperation and effective efforts of the Philippine delegation, I understand, have contributed greatly to the fine progress which has been made.

During the brief recess arranged by the delegations of our two countries, the United States Special Representative, Mr. Karl R. Bendetsen, returned to Washington for consultation with government officials, and I asked him to discuss the various aspects of these matters with me. It is my feeling, as I hope it is yours, that the discussions at Manila have progressed to the point where mutually satisfactory agreement should now be reached. Accordingly, and to this end, I have asked Mr. Bendetsen to return to Manila with my full confidence and support.

With assurance of my high esteem, Sincerely, Dwight D. Eisenhower."

Observe Presidential Handling.

Hoover

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[1] Source: Department of State, Central Files, 711.56396/10–856. Limit Distribution—Presidential Handling. Drafted and approved by Howe; cleared with Harold N. Waddell (FE) and Goodpaster.

414. Letter From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Ambassador in the Philippines (Nufer) [1]

Washington, October 11, 1956.

DEAR AL: I have read your letter of September 21 with great interest and was glad to have your assessment of the negotiations. I believe you have correctly identified the two principal sources of the difficulty which we have encountered with the Filipinos.[2] As you know, we have for some time attempted to make it clear to Defense, and everyone else concerned, that the Filipinos would undoubtedly seek revision of the 1947 Agreement in one form or another, despite Magsaysay's repeated assurances to us through Romulo, and his personal assurance to Vice President Nixon that with the title question settled he would not attempt to renegotiate the Base Agreement. A major obstacle has, of course, been the composition of the Philippine panel which has made anything resembling a normal negotiation impossible. If there had been any intimation that Bendetsen would have to negotiate with a Congressional panel we should have seriously considered sending a Congressional representation of our own. It is largely because of the composition of the panel that we have wondered whether Magsaysay would not have to play a more active role in the negotiations than we or he might otherwise want, although I realize that this is a tactical question which you and Magsaysay must handle very carefully. We consider that it is both correct and essential to keep Magsaysay fully informed as to our position, and have been glad to hear from Mr. Bendetsen that this is being done.

The Bendetsen group left here Monday night,[3] having had what I believe was a successful visit. We have sent you by cable some of the papers which resulted from his consultation and he will have copies of the others for you, as they are too lengthy to be telegraphed. Mr. Bendetsen seemed to be satisfied with the outcome of his visit and reasonably optimistic as to chances of success. He was, incidentally, most pleased with the cooperation and assistance which you and your staff have given him. I believe that the package which

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[1] Source: Department of State, Central Files, 711.56396/10–1156. Secret; Official–Informal.

[2] In this letter, Nufer praised the "splendid" job that Bendetsen was performing in negotiating with the Philippine panel. He indicated that the chief problems affecting the course of the negotiations were the absence of a clearly defined U.S. position on several issues that arose at the outset, especially the question of criminal jurisdiction, and the difficulty of dealing with the Philippine panel due to its mixed executive and congressional representation. (*Ibid.*, 711.56396/9–2156)

[3] October 8.

he will be able to present to the Filipinos, whether he gives it to them as a package or item by item, represents a thoroughly fair and equitable revision of our military relationship and I hope that they will be able to bring themselves to recognize it as such. I realize that they may not do so for reasons of their own, but do not believe that there is very much more which we could give them.

We have been gratified to hear from you and from others of the substantial improvement in the operation of the country team since your arrival. The directives which you mentioned are designed to be helpful to Ambassadors, but in the final analysis relations between heads of agencies inevitably depend primarily on the personalities involved. I believe it is already apparent that you will be able to handle this situation effectively and would be glad to know if at any time I can be of assistance to you. From all reports you have made a good start in the Philippines despite the fact that you arrived at a most difficult time, and I know that you will continue the good work.

With best regards,

Sincerely yours,

Walter S. Robertson [4]

[4] Printed from a copy that bears this typed signature.

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415. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Deputy Under Secretary of State for Political Affairs (Murphy) [1]

Washington, October 18, 1956.

SUBJECT

Status of Philippine Base Negotiations

Our negotiator, Mr. Karl Bendetsen, arrived back in Manila after consultation in Washington on October 12 and has been engaged in informal discussions with President Magsaysay and the Chairman of the Philippine Negotiating Panel, Senator Pelaez. He has encountered considerable difficulty.

The principal problem continues to be the question of criminal jurisdiction. The existing article on criminal jurisdiction (Article XIII

[1] Source: Department of State, Central Files, 711.56396/8–1856. Secret. Drafted in SPA.

of the Military Bases Agreement of 1947) gives the United States jurisdiction over almost all offenses committed on the bases by Americans or Filipinos, but provides that Filipinos have virtually complete jurisdiction over off-base offenses. The Filipinos have at various times stated that they wished this article revised to conform in general with NATO. Since Defense regards straight NATO language without some form of related waiver as unacceptable, Mr. Bendetsen was given during his consultation five alternate sets of language to try on the Filipinos. These ranged from the NATO–Netherlands formula [2] to simple modification of the existing Article XIII by the deletion of our right to prosecute Filipinos. Mr. Bendetsen now reports that all five versions are unacceptable to the Philippine Negotiating Panel and has asked whether we would consider straight NATO language with no waivers. He is under the erroneous impression that Defense had told him that it would accept this arrangement as a "fall-back" position.

After discussion with Defense, we have now informed Mr. Bendetsen that we cannot authorize him to enter an agreement which strays in substance from the five alternatives given him, but have asked that before he so tells the Filipinos he give us his and Ambassador Nufer's assessment as to whether this would result in a breaking off of the negotiations.[3] We have also asked whether he could shift the talks to other subjects, allowing a cooling off period for the criminal jurisdiction issue.

Mr. Bendetsen has informed us that he plans to announce our intention to fly the Philippine flag with ours a few minutes before the next formal session. The timing of this session is still uncertain.

The package agreement which Mr. Bendetsen has with him would involve our acquiring about 22,000 hectares and giving up about 122,000. This fact is known to President Magsaysay and Senator Pelaez and has pleased them greatly. There are indications that the Filipinos may question our need for some of the land we want or which we have and want to retain, but Mr. Bendetsen seems to be confident that our land requirements can be met substantially as he has them.

I am attaching for your information a copy of the existing Military Bases Agreement [4] and a copy of a Defense memorandum outlining the five proposed alternative sets of language on jurisdiction.[5]

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[2] Apparent reference to the agreement relating to the stationing of U.S. Armed Forces in the Netherlands, notes exchanged at The Hague on April 15 and May 7, 1954, and entered into force on July 30, 1954. (TIAS 3174)

[3] Telegram 1244 to Manila, October 17, not printed. (Department of State, Central Files, 711.56396/10–1556)

[4] Not printed.

[5] Not attached to the source text and not found in Department of State files.

416. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, October 20, 1956—11 p.m.

1088. Pass Secretary of Defense as priority action. For Dulles and Robertson. Reference: Deptel 1244.[2]

1. Developments and progress discussion criminal jurisdiction since Bendetsen's return fully reported Milba telegrams.

2. Deptel 1244 raises two sets of considerations: first, tactical negotiating moves designed forestall breakoff in base discussions, and, second, implications to U.S.-Phil relations of breakoff and what steps might be taken to minimize consequences here and in SE Asia.

3. With regard to the first category of considerations, it has been our constant endeavor to reach agreement in principle on criminal jurisdiction with Pelaez, since we felt it would be undesirable to hold plenary panel session at which time U.S. would formally have to record its position on this issue without such prior agreement. While U.S. position on jurisdiction has been fully explained to Pelaez and Barrera in informal meetings and they undoubtedly have briefed panel a formal presentation at plenary session would require us to table specific U.S. proposals which, if rejected by Phils would probably lead to rupture in negotiations with onus on U.S. We could expect, thereafter, continued attacks in press and elsewhere by anti-U.S. elements on specific U.S. proposal, the full text of which would have doubtless been leaked by unfriendly panel elements. It is entirely probable that Recto would be forthcoming with a legal brief attacking the U.S. proposal in the same manner he attacked the Brownell opinion. The U.S. would not be in a position to respond to these attacks except through the press, and we may not wish to become embroiled in press polemic.

Since criminal jurisdiction has been major road block, we have consistently avoided, bypassing it and moving on to other less contentious matters. This approach has been governed by our feeling that we would weaken our negotiating position generally if we showed the Phils the dessert before they ate their spinach. We do believe that bypassing criminal jurisdiction would be interpreted as a sign of weakness on our part and would encourage the Phils to remain firm on any other issues which might develop. Furthermore, if we were able to agree on the rest of the package and then returned to criminal jurisdiction, we would probably be in a more disadvantageous position than we are now. The agreements reached would have been leaked to the press and the public, and, if the discussions were

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[1] Source: Department of State, Central Files, 711.56396/10–2056. Secret; Priority.

[2] Dated October 17, not printed. (*Ibid.*, 711.56396/10–2056)

later broken off because of our firm stand on jurisdiction, the adverse effects would be worse than if discussions were broken off now.

The possibility of taking collateral actions of the type set forth in your telegram 1244, e.g., cancellation of construction, etc., was considered by the Embassy. It is our view that any action of this type would be counterproductive. The emotional Phils would, to the extent they would understand this type of subtle action, consider this to be coercion or even blackmail. The adverse consequences of such a move by us might well go beyond the bases problem and affect U.S.-Phil relations on other fronts. We are firmly convinced that we should avoid taking any measures which would appear to the Phils as an attempt force their acceptance of the U.S. position through economic or political pressure.

4. We believe that an uncontrolled or unplanned breakoff of discussions would have most serious consequences not only in Phils but throughout SE Asia. As previously reported these negotiations are being carefully followed by neighboring countries particularly Indos and Thais. The collapse of these talks, particularly on the jurisdiction issue, would be the best grist for the Communist propaganda mill that they have had for a while and would be used by them to attack the U.S. throughout this area.

Locally an uncontrolled or unplanned breakoff could place U.S.-Phil relations at an all-time low. Magsaysay on the eve of elections here would be attacked from all sides by his political opponents, whether they be anti-American or pro-American. To protect himself, he would have to adopt the elements of an anti-American posture and the cloak of a great nationalist at best. We could hope that this posture would be temporary but the risk exists that in an emotional reaction he may sincerely turn against the U.S. In either situation, the very real danger faces us that he may abrogate the MBA. The jurisdiction provisions of the MBA are in the main unacceptable to Phils, and it should not be expected that, in the event these talks fail because of the inability to reach agreement on changes in Art. XIII to remove its objectionable features, the Phils would be willing to continue to operate under that article. It should be anticipated, if the talks break off in a strained atmosphere, that anti-American elements would seek to exploit the jurisdiction issue and whip up public fervor to the point where Magsaysay will feel forced to abrogate the MBA in order to preserve his position.

5. It is our view that, when we reach the point where it appears to us that the continued efforts of Bendetsen and Pelaez to reach agreement on jurisdiction are stalemated, we should then go to Magsaysay using the following approach: (1) that unless he personally intercedes in a really decisive manner the talks will collapse on the

issue of jurisdiction; (2) that the substance of the U.S. position is firm and unalterable and is based on the same arrangements we have with our NATO and other allies; (3) that anything less than the U.S. position would not be accepted by the U.S. Senate when the treaty was sent up for ratification; and (4) that the collapse of the talks was not in his interest nor in U.S. interest and would weaken the position of the Free World in the Near East.

If Magsaysay agreed to settle the jurisdiction issue in a manner satisfactory to us and to instruct the panel accordingly we would then agree to go forward with a plenary session. At that time the U.S. would make a complete presentation of its package and the panel should remain in session for this purpose as long as may be required.

6. In light our views set forth para 3 above we strongly feel that we should not mention to Magsaysay or any Phil that a breakdown or suspension will mean that U.S. must reappraise base requirements here. We should let our case rest on often repeated statement that we will keep bases here so long as they are needed for defense of Phils and U.S. and so long as Phils want them.

7. We will send separate cable setting forth our views as to possible courses of action in unfortunate event breakoff in negotiations appears likely.

8. Bendetsen concurs but will respond in separate message to your specific questions in Deptel 1244 regarding his appraisal of potentialities of breakdown.

Nufer

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417. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, November 5, 1956—5 p.m.

1233. Sent Operational Immediate SecDef rptd info Prity CINCPAC for Stump for ALUSNA 051100Z by other means. To Hoover, Robertson at State; Robertson, Gray, Radford at Defense. CINCPAC for Stump. From Nufer and Bendetsen.

I. *Summary and Conclusions.*

1. After nearly a month of fruitless talks since Bendetsen's return to Manila, we are convinced Phils are stalling, hoping to get further concessions than they know we are presently prepared to

[1] Source: Department of State, Central Files, 711.56396/11–556. Secret; Niact.

make. We are further convinced that as time goes by and the pre-election activities of the Philippine national election year intensify, the opportunity for a fair settlement will diminish. Only if Magsaysay is returned to office in November of 1957 with a majority of the House and Senate committed to his program will there be a further chance to make a fair settlement with Phils. This would be so only if a significant deterioration in our relationship does not develop during the forthcoming year and only if the Phil Government were then to be represented by a single negotiator acting for the President, with the site of the negotiations elsewhere than Manila.

2. We conclude that the possibility of reaching agreement on criminal jurisdiction and other key issues by formal or informal negotiations with Pelaez and panel has been exhausted.

3. Our recommendation is that you instruct us to terminate these negotiations irrespective of the risk of public collapse of the talks, unless Magsaysay is now willing to agree to settlement on the terms we are prepared to offer, which terms constitute a fair and just settlement. If he agrees, we believe that although he would undoubtedly have a fight on his hands, he could obtain Phil Senate ratification, because we doubt that in an election year Phil Congress could afford to face the strong pro-U.S. grassroots sentiment of Filipino people with a record of having rejected an agreement Magsaysay had accepted.

4. Inasmuch as one of the reasons Phils are stalling is that they are awaiting the outcome of U.S. national elections, the action recommended above should be taken on or shortly after November 7.

5. Notwithstanding what follows here, the recommendation in para. 3 above stands. However, with specific regard to the U.S. position on criminal jurisdiction, it should be realized that while Phils have not done so publicly yet, they could make U.S. look bad, locally at least, because Phil panel has unanimously offered to accept Jap–U.S. SOF as published.[2] This makes our position vulnerable. The key to our vulnerability is . . . nature of Jap waiver commitment. Magsaysay might hesitate to accept U.S. criminal jurisdiction proposals because this vulnerability would then be transferred to him.

6. This vulnerability would be eliminated if you were to authorize us to propose an Article XIII solution which would provide that as to on base, off duty offense against Phil nationals or other persons habitually resident here, who are not members of U.S. armed forces, where Phil Secy of Justice determines such a case to be of particular importance to the Philippines, the Phils would prosecute. This follows because there are indications that Phil panel would buy this as final resort and there would be less likelihood of significant attack.

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[2] See footnote 3, Document 403.

7. After a careful survey on the ground, taking into account the generally concurring views of local commanders, there would be no significant difference in the results we could expect as between this solution and the joint determination solution which you have authorized. In this relation, as a practical matter here, there would be no significant difference as to the result we could expect locally as between either of the Article XIII solutions or the NATO SOF–Netherlands solution.

8. For the foregoing reasons we recommend that you reconsider our 1099 [3] and authorize us to propose that where Phil Secy of Justice determines a case of the type in question to be of particular importance to the Philippines, Phils will prosecute. Taking a second look at whether it would be possible for you to live with this in your relations with Congress and other SOF negotiations might be well worthwhile to lessen risk of collapse.

9. If talks collapse or suspend in consequence of ultimatum to Phils, we will transfer title papers and title claims immediately. This is a must in any event to fulfill commitment made by Vice President Nixon. We should reserve judgment in this case as to whether some additional parting acts such as commitment to build Olongapo bypass road should be undertaken for purpose of preserving friendly atmosphere so far as practicable.

10. Immediately following cable [4] sets forth more detailed analysis upon which recommendation in para. 3 hereof is based.

Nufer

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[3] In telegram 1099, October 22, Bendetsen recommended that the Department of State agree to modify Article XIII of the Military Bases Agreement by renouncing jurisdiction over on-base offenses committed by Philippine nationals and other persons habitually resident in the Philippines. In addition, he suggested that in cases where a nonofficial duty offense was committed on base where the offended party was either a Philippine national or a person habitually resident in the Philippines, that if the Philippine Secretary of Justice found that the case was of particular importance to the Philippine Government there would be consultation with the senior U.S. Commander with a view to joint determination regarding prosecution in Philippine courts. (Department of State, Central Files, 711.56396/10–2256)

[4] Not printed.

418. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Deputy Under Secretary of State for Political Affairs (Murphy) [1]

Washington, November 30, 1956.

SUBJECT

Meeting with Defense on the Philippine Military Bases Negotiations

For several weeks Mr. Bendetsen has been negotiating with the Philippines on what appeared to be the principal point at issue, which was revision of the article on criminal jurisdiction. At an informal meeting with President Magsaysay and a subsequent formal meeting with the Philippine Panel,[2] however, it became apparent that the Philippines are in substantial disagreement with us on a number of basic points. Several of these points were introduced for the first time in these meetings, and several of them would require modification of our Mutual Defense Treaty and our aid program. It is believed that Defense will find most, if not all, of the Philippine proposals unacceptable.

Mr. Bendetsen recommends, and seeks authorization for, the calling of a formal meeting on December 2. At this time he would explain that the Philippine proposals are so extensive that he must return to Washington with his delegation immediately for study. He believes that it will be impossible to arrange matters so that the negotiations will appear to have been stopped at Philippine initiative. A decision on Mr. Bendetsen's request should be sent to him today or tomorrow. I recommend that he be authorized to hold the desired meeting and then to return to Washington, as I see no real possibility of the negotiations being successfully continued at this point in view of the scope of the disagreement between the two panels.

Mr. Bendetsen has also recommended that before his departure he be authorized to transfer to the Philippines the title papers and title claims to our bases as foreseen by the Nixon–Magsaysay statement of July 3. He believes, and states that our Chargé [3] agrees, that failure to do so would cause irreparable damage to Philippine-American relations. The transfer would be carried out by exchange of notes and would provide for our retention of the properties needed for our diplomatic establishment. Mr. Bendetsen believes that he has authority to carry out this transfer and desires only to have it confirmed.

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[1] Source: Department of State, Central Files, 711.56396/11–3056. Secret. Drafted in SPA.

[2] These meetings are summarized in telegrams 1463, November 27, and 1485, November 29, from Manila. (*Ibid.*, 711.56396/11–2856 and 711.56396/11–2956, respectively)

[3] Horace H. Smith. On November 6, Ambassador Nufer died of a heart attack.

This authority, which was given him several months ago, appears to have been superseded by the Secretary's letter of October 6,[4] which specifically authorized the transfer of title as a part of a general agreement on base problems. There are arguments in favor of permitting the transfer, however: Our title holdings do not appear to have further value to us as bargaining assets, and the Philippine Panel could probably arouse public resentment against us if we do not follow through with their transfer as anticipated. It would be preferable for us to explain failure of the negotiations in terms of Philippine unwillingness to give us as satisfactory a jurisdiction arrangement as we have with other countries, and our ability to do so will be increased if the unrelated and highly emotional title issue is deleted. I note that when the subject was discussed with him on November 14, President Eisenhower stated that if negotiations failed, he wanted it made clear that they had broken down solely because the Philippines would not meet our minimum position on criminal jurisdiction.

On the other hand, the Nixon–Magsaysay statement has been understood by us to mean that we would give up title only if the Philippines would provide us, at their expense, with use of the new land we need. Transferring title now, when it is clear that they will not carry out their side of the bargain, would violate the understanding expressed in the statement, and might be taken by some Filipinos as a victory for their negotiators rather than as a friendly gesture by the United States. I believe that Walter Robertson would recommend against transferring title now.

[4] Not printed.

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419. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Secretary of State [1]

Washington, November 30, 1956.

SUBJECT

Status of Philippine Base Negotiations

[1] Source: Department of State, Central Files, 711.56396/11 3056. Secret. Drafted in SPA and approved by Bell.

The Department has agreed with Mr. Bendetsen's assessment that there is no present possibility for settlement, and he has been authorized to call for a recess in the negotiations in order that he may return for consultation and that the United States may reexamine the entire situation. Mr. Bendetsen will make this announcement at a plenary session scheduled for 3:00 P.M., December 5, Manila time. At Mr. Murphy's suggestion State and Defense will arrange a background briefing for the press. Mr. Bendetsen will issue a press release in Manila after the December 5 meeting.

The recess in the negotiations became necessary after lengthy private consultations with President Magsaysay revealed that he was unwilling to alter the position of the Philippine Negotiating Panel in opposition to many of the important "rock bottom" proposals in the United States draft. The chief disagreements in principle arose over criminal jurisdiction, war-time use of the bases, and the correlation of the Bases Agreement, the Defense Treaty, and the Military Assistance Agreement. Subsequent to the meeting with President Magsaysay the Philippine Panel presented a draft of their counterproposals, including a number of items totally unacceptable to the United States.

The Department has no indication of the course of action President Magsaysay may adopt to counter charges, which may be anticipated, that he has failed to resolve the differences between the United States and the Philippines.

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420. Memorandum From the Special Representative to the Philippines (Bendetsen) to the Secretary of State and the Secretary of Defense (Wilson) [1]

Washington, December 19, 1956.

SUBJECT

The Philippine Military Bases Negotiations of 1956

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[1] Source: Department of State, Manila Embassy Files: Lot 76 F 161, 430.3, Military Bases—General. Secret. This memorandum was included in the "Report of the Bendetsen Mission: "Philippine Military Bases Negotiations of 1956," December 19, 1956, volume I. Further information regarding the Bendetsen mission is in the "Report of the Philippine Military Bases Negotiations of 1956," prepared by Admiral Thomas L. Sprague, Deputy Department of Defense Representative for Philippine Military Bases Negotiations. Included in this lengthy report are Sprague's comments on Bendetsen's final recommendations. (January 23, 1957; *ibid.*, SPA Files: Lot 63 D 51, Negotiating Mission File Number 5)

On the termination of my mission and resignation effective this date as Special United States Representative to the Republic of the Philippines and Special Assistant to the Secretary of Defense for Philippine Affairs, I am submitting herewith my report based upon my association with these negotiations since 10 July, last.

This memorandum summarizes my conclusions and recommendations. In the attachments will be found: a summary of the negotiations; a suggested timetable of implementing actions; a transcript of an oral report (made to the representatives of the Departments of State, Defense, the three military services, the United States Information Agency, ICA and . . .); a detailed report of the negotiations (with supporting enclosures).[2]

My first general conclusion is that these negotiations, which were undertaken with a Philippine panel and which embraced a number of issues beyond the scope of a land settlement, having been recessed at Manila on 5 December 1956 by mutual agreement of the two Governments should not be resumed on the same basis. The issues raised can be generally categorized into two groups: tangibles and intangibles. For the purpose of this report, I have regarded land settlement problems as tangible issues, and problems involving such matters as criminal jurisdiction, retaliation against armed attack and the like, as intangible. An effort should be made to deal with the tangible problems step-by-step through normal diplomatic and military channels. If such an effort proves successful during the forthcoming months, then an attempt should be made to compose the intangible issues on a President-to-President level during the recommended visit of President Magsaysay to the United States in late spring of 1957, following his likely renomination.

My second general conclusion is that we cannot afford to fail in the Philippines. A diligent effort should be made not only to maintain, but to improve relations between the two governments. To my way of thinking this is not only feasible, but essential to United States interests. Failure is wholly unnecessary and would be hard to justify. From an external political point of view, the ramifications of failure would be unacceptably prejudicial. Because we do have military bases in the Philippines, failure to maintain good relations could well bring serious repercussions on the stability of U.S. military bases and forces in other countries. The Philippines share in common with us language, institutions, a system of government and a Christian society. Degeneration of the Philippine economy and political stability or a serious deterioration of our relationships would be interpreted as a failure of our own institutions in a country where we had nearly fifty years of opportunity to develop them.

[2] None of the attachments is printed.

My third general conclusion is that whereas Magsaysay failed during these negotiations to exercise effective political action to intervene despite oral assurances that he would do so, he may well have been in no position at this time to fulfill such assurances. It seems to me that when he assumed the Presidency in 1954, he did so under conditions which did not, in fact, place in his hands the effective means for exercising political power. His nomination by the Nacionalista Party was in a significant sense the result of a coalition of Manila politicians who felt that they could capitalize on his popularity with the people. These politicos (such as Recto and Lopez) would ordinarily have been opposed to him, but they felt they could control him as a front man who would bring the Nacionalistas to power. They, rather than Magsaysay, controlled the selection of the Congressional candidates on the Nacionalista ticket and as a result Magsaysay did not emerge from the nomination in control of either the party or the governmental machinery. In the subsequent bi-elections of 1955 he was not effectively advised and did not take the stump until a few days before the balloting. Thus, for example, Recto was reelected when Magsaysay possibly could have prevented it. The forthcoming year however affords a clear opportunity both for him and for us. We should make the most of it. While it is by no means certain, he has an excellent chance of obtaining renomination. If he is renominated by the Nacionalistas it will be over the opposition of those who controlled the party last time and Magsaysay could well emerge with the party machinery in his own hands. If renominated, it is my feeling that Magsaysay will be reelected by a substantial majority. . . . If the intangible issues discussed below are composed in the late spring following his renomination, his subsequent reelection should substantially improve the foundation upon which our mutual defense arrangements rest. This should follow, as I see it, not only because the people would have supported his policies once again, but also because, as distinguished from the current situation, Magsaysay would then be able to translate this support into effective action on the domestic scene—something he now hesitates to try because his actual power is more apparent than real.

It is my fourth general conclusion that hereafter, the U.S. should avoid being drawn into major negotiations of any kind in Manila, and irrespective of the site of the talks, should not enter negotiations with a panel consisting of both executive and congressional membership. Also, where possible, we should avoid giving the appearance of being under any pressure of time and be fully prepared for protracted talks.

My fifth general conclusion is that U.S. interests would be better served if we were, quietly, to release the Philippines from the implied commitment in the joint Nixon–Magsaysay statement of 3 July

1956 to contribute private lands free of cost, if indeed such a commitment was implied. There are several reasons for this. First, the contribution of private land free of cost requires approval of the Philippine Congress. This means a debate which in the present atmosphere of Manila politics would not be favorable to United States interests. Second, based on past experience it is doubtful that the Philippine Congress would appropriate the necessary funds. Third, if it is indeed regarded as a commitment, it would be tantamount to an implied revision of the present clauses in the Military Bases Agreement which provide otherwise in certain cases. Fourth, the requirements for additional private lands, now in the program, are relatively modest in quantity as well as dollar-wise and payment for these lands would enhance our chances for a step-by-step solution. I should add also that in my opinion our general relationships would be better served if we did not request the Philippine Government to make lands available, whether public or private, prior to the time we have adopted firm Department of Defense programs for base development. The unnecessary dislocation of occupants or taking the lands out of cultivation long before they are actually needed inevitably leads to irritation and misunderstanding.

In order both to increase the possibility of the successful resolution of the tangible problems and at the same time to pave the way for composing the intangible issues, we should exert continuing pressure on Magsaysay to discharge the Philippine Panel. This is necessary because the existence of the Philippine Panel may interfere with or prevent the step-by-step settlement of the military base land problems specifically outlined below and might greatly diminish the chances of composing the intangible issues during the recommended visit of President Magsaysay to the United States late next spring. We should avoid dealing with the Panel and if the Panel intervenes, cease our efforts until the Panel is discharged.

While the specific timing of the step-by-step settlement of base land problems naturally will need to be subjected to continuing evaluation and reappraisal in the light of developments and results, we should initiate such a phased program without delay. (The suggested timing and sequence of these steps is indicated below and recapitulated in a time-table included as in Section Two of the attachments.) The specific actions aimed at securing the additional lands needed for bases development and at making the land settlement contemplated both by the Military Bases Agreement and the Nixon–Magsaysay statement of 3 July 1956, should, wherever possible, entail the concurrent and correlative actions of coupling relinquishment with acquisition.

[Here follows a list of 16 specific recommendations for the resolution of "the tangible problems," including suggestions that the

Philippine flag be raised over all United States bases in the Philippines in the position of honor on January 1, 1957, that the administration of the town of Olongapo be transferred to the Philippine Government as soon as possible, and that the proposed United States-Philippine Mutual Defense Board be established in the near future.]

My comments and recommendations respecting the intangible issues are:

1. *Criminal Jurisdiction.* It is strongly recommended that the solution to this problem be found through implementation of Article XIII. This is because revision of Article XIII by substituting a NATO formula would necessarily pose the need for insisting on a Netherlands-type waiver commitment. There are two reasons why this presents us with great difficulty. From a domestic political point of view in the Philippines, the absence of a published waiver agreement with Japan puts Magsaysay in a vulnerable position whenever the jurisdiction issue is raised. Moreover, a revision of the MBA, as distinguished from a suitable implementation formula which would settle the issue, would have the added disadvantage of requiring Senate ratification in the Philippines. To bring about a solution, it is recommended that with respect to off-duty offenses committed within the bases against Filipino nationals, if the Senior U.S. Military Commander and the Philippine Secretary of Justice cannot agree as to how best handle the case (i.e. which country should prosecute) in the best interest of the two governments in their common defense, the President of the Philippines personally would make the decision. This would be expressed in terms of implementing paragraph 3 of Article XIII. As a practical matter, the number of cases involved is minimal and upon transfer of Olongapo to Philippine administration the number of such cases should be further reduced. It is strongly recommended that the United States be prepared to agree to this solution with President Magsaysay.

2. *Retaliation in the Event of Armed Attack.* President Magsaysay has taken a strong personal interest in revision of the Mutual Defense Treaty to bring the United States defense commitment into alignment with that of the North Atlantic Treaty. In my opinion, this is a reasonable request which we should be prepared to grant. In any event it is an issue which will definitely arise and if Magsaysay visits the U.S., he will undoubtedly raise it himself.

3. *Correlation of the Three Defense Agreements.* We once had the impression that the Philippine Government seriously proposed that the Military Bases Agreement expire concurrently with the Mutual Defense Treaty or the Military Assistance Agreement,[3] should either of

[3] Signed at Manila on March 21, 1947. (TIAS 1662)

the latter be terminated. We now have found that the actual Philippine position differs from this impression. The Philippine Government appears to be aiming its efforts toward obtaining an agreement whereby the Mutual Defense Treaty would endure so long as the Military Bases Agreement exists. An amendment to the Mutual Defense Treaty designed to accomplish this is what the Philippine Government seeks. I would suggest that earnest consideration be given to finding a satisfactory answer to this very live issue. The Mutual Defense Treaty presently provides that it may be terminated by either party on one year's notice. In my opinion it would be reasonable to consider a more enduring commitment. So far as the Military Assistance Agreement is concerned, my informal talks with Magsaysay lead me to the conclusion that he will not insist upon tying the duration of this Agreement to either of the other two agreements. I believe, therefore, that talks on the presidential level could well dispose successfully of this particular aspect of the "correlation" issue. In addition, correlation of the three agreements, apart from their duration, is contemplated by the Terms of Reference of the proposed U.S.-Philippine Mutual Defense Board.

4. *Wartime Use of Bases.* If the United States, as a matter of policy, is able to agree to a strengthening of the defense commitment in the Mutual Defense Treaty to conform with the North Atlantic Treaty, it is my belief that Magsaysay could be persuaded, during his talks with President Eisenhower, to drop the Panel's proposal that wartime use and development of the bases be subject to prior Philippine agreement, and accept merely "consultation in peace and war" as provided in the proposed Terms of Reference for the U.S.-Philippine Mutual Defense Board. It is my view, therefore, that the more serious of the two issues (automatic retaliation and wartime use) relates to a desire on their part for a strengthening of the defense commitment, now contained in the present Mutual Defense Treaty.

5. *Duration.* In my opinion, the issue regarding duration of the Military Bases Agreement, apart from the duration of the Mutual Defense Treaty and the Military Assistance Pact, is one which can be composed in talks at the presidential level on the basis of the present U.S. proposal. It is my view that our proposal will prove acceptable.

6. There are a number of other so-called "intangible issues" which arose during the negotiations. These have to do with such matters as taxation, immigration, customs, the sale or resale of duty free items, and with fishing and navigation in the waters adjacent to base areas. It is my recommendation that if satisfactory progress can be made through the step-by-step approach recommended for settlement of the tangible problems, we undertake to deal with these other intangible issues in two ways. First, by unilateral action aimed at tightening our own controls over the importation and sale of duty-

free items to non-exempt persons, to include a firm limitation on the sale of motor vehicles, and second, through mutually acceptable administrative arrangements developed by the Philippine-U.S. Mutual Defense Board.

In conclusion I should add as my opinion that it was necessary for us to go through the experience of the past few months although we did not arrive at a general settlement. My delegation and I over a period of five months have been able to form a clearer understanding of general Philippine sensibilities, aspirations and their specific feelings toward the existence of U.S. bases and the modernization of our mutual defense arrangements. With perseverance, patience and a more sympathetic understanding of the problems, hopes and goals of the young Republic, we have, I believe, a good chance to compose most of the immediate problems we aim to solve. On the other hand, we continually face problems of one kind or another with all other nations. It is rare that we arrive at a general settlement with any nation at any given time. It would not be realistic to expect that there is any more chance for a general settlement of problems with the Philippines than there is with any other country. The past five months seem to me to have been a necessary condition precedent to further progress which I am inclined to believe we can achieve if we proceed imaginatively. We now know much more about the problems than we did last July and I believe we have laid the foundation for the steps now recommended for action.

Respectfully submitted,

Karl R. Bendetsen
Special United States Representative
And Special Assistant to the Secretary
of Defense for Philippine Affairs

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421. Memorandum of a Conversation, Malacañang Palace, Manila, December 14, 1956 [1]

PARTICIPANTS

President Magsaysay
Assistant Secretary Robertson
Chargé Horace H. Smith

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[1] Source: Department of State, Central Files, 711.56396/12–2656. Secret. Drafted by Smith on December 22.

At a private meeting at Malacañan on December 14 following the breakfast in honor of Mr. Robertson,[2] the President stated that he hoped to be able to arrive at a satisfactory agreement on the bases issues. He underlined the difficulty he was facing on the question of jurisdiction and said he had asked Senator Laurel to study the U.S. proposal in an effort to find some "optical" changes which would make the proposal more palatable to the Philippines.

The President mentioned that he was encountering much difficulty in handling Senator Pelaez but thought that if he obtained Senator Laurel's support on the jurisdiction issue which he characterized as the only problem, he could get along with Pelaez. Pelaez, he said, had written him a letter on December 6 tendering his resignation as a member of the Philippine panel. The letter was couched in bitter and scathing terms, and the President had not as yet been able to persuade Pelaez to withdraw it.

Mr. Robertson expressed deep regret that the negotiations had not succeeded and made it clear to the President that the U.S. position on jurisdiction, which he said was based on arrangements the U.S. has with its NATO allies, was absolutely firm and subject to no substantive compromise. He hoped very much that an agreement could be reached. He said President Eisenhower had instructed our negotiator to lean over backwards in trying to meet the Philippine viewpoint, that Mr. Bendetsen had made every effort to do this but that we could not make an agreement with the Philippines with respect to jurisdiction which would upset our other allies and which would not obtain approval of our Congress. Mr. Smith gained the impression that the President, perhaps for the first time, became convinced that there was no basis for bargaining on jurisdiction.

[2] During the conversation held during that breakfast meeting, Robertson "emphasized that the United States must consider its bases arrangements within a world-wide context." (Memorandum of conversation by William Walker, December 26; *ibid.*)

422. Memorandum of Discussson at the 313th Meeting of the National Security Council, Washington, February 21, 1957 [1]

[Here follow a paragraph listing the participants at the meeting and items 1–4.]

[1] Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on February 22.

5. U.S. Policy Toward the Philippines (NSC 5413/1; Progress Report, dated January 16, 1957, by the Operations Coordinating Board on NSC 5413/1 [2])

Mr. Cutler gave a shortened brief of the contents of the reference Progress Report. When he had concluded, Secretary Dulles referred to the sections of the report dealing with the difficulties the United States was encountering in negotiating out the problem of U.S. bases in the Philippines. Secretary Dulles thought that it might well be that President Magsaysay would not be able to achieve a solution of the problem of bases until after his reelection.

The President observed that the older he grew, the more he wished the United States could get out of all its bases everywhere in the world except in countries like England.

Secretary Dulles reminded the Council of the current survey of the entire U.S. base situation and base policy being conducted by Mr. Frank Nash.[3] At this point, Governor Stassen suggested that if we were to leave some of our bases it might be possible to use this course of action to strike a bargain with the Soviets involving some withdrawal of Soviet forces from advance bases.

Secretary Robertson pointed out that in the negotiations which had been conducted by Mr. Bendetsen with the Filipinos, the U.S. team had been obliged to tip its hand on the size of the total package. Then the problem got complicated by the issue of jurisdiction. He wondered, therefore, whether we should hold up on firing our remaining good ammunition until we got a final decision from President Magsaysay. Secretary Dulles suggested that he would be inclined to move slowly and cautiously.

The National Security Council:

Noted and discussed the reference Progress Report on the subject by the Operations Coordinating Board.

S. Everett Gleason

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[2] NSC 5413/1 is printed in *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 590. The Progress Report is not printed, but see Document 429. (Department of State, S/S–NSC Files: Lot 62 D 1, NSC 5413 Series)

[3] In November 1956, President Eisenhower appointed Frank C. Nash, formerly Assistant Secretary of Defense for International Security Affairs, to carry out a study of and make recommendations with respect to the system of overseas military bases and operating facilities of the United States. Acting Secretary of State Herbert Hoover, Jr., explained this to Horace Smith in a letter dated November 21 and instructed Smith to prepare a report on the U.S. base system in the Philippines. (*Ibid.*, Central Files, 711.56396/11–2156)

423. Memorandum From the Joint Chiefs of Staff to the Secretary of Defense (Wilson) [1]

Washington, February 27, 1957.

SUBJECT

Philippine Base Negotiations (U)

1. Reference is made to a memorandum by the Deputy Secretary of Defense dated 11 January 1957,[2] subject as above, which requested the views of the Joint Chiefs of Staff, within their sphere of responsibility, with regard to the Report of the Bendetsen Mission—Philippine Military Bases Negotiations of 1956. The views of the Joint Chiefs of Staff are submitted herewith.

2. The concept of collective security is basic to our national security policy. Dependence of military strategy on the physical availability and the right to use a network of overseas bases to support this concept is too well known to be elaborated upon here. The U.S. world-wide position in this regard is a matter of concern to all, up to and including the highest office of our Government. Currently, ways and means are being sought to maintain an adequate world-wide system of overseas military facilities and to preserve world leadership and friendship with our allies, including the Government of the Philippines. In any subsequent negotiations with the Philippine Government, we should strive to convince its representatives of our mutuality of interest and the U.S. need for bases in furthering resistance to Communist aggression.

3. The military necessity for bases and permission to use them when needed is, from the viewpoint of the Joint Chiefs of Staff, a compelling reason for reaching a settlement of the problems presented in the Bendetsen Report. The problems presented therein are largely political. The Joint Chiefs of Staff recognize that issues of this nature will always be exploited in the Philippines and elsewhere for partisan political purposes. Nevertheless, maintenance of U.S. bases in foreign territories in peacetime is always contingent on the host countries' consent, which is in turn dependent on the prevalence of an atmosphere of goodwill and an appreciation of the mutual need for the bases. The situation in this respect appears to be deteriorating in the Philippines. The Joint Chiefs of Staff believe, therefore, that it is in the U.S. interest to take positive steps toward achieving greater mutuality in our defense relationships. While it is recognized that no single U.S. action in this regard will still all the criticism of extremist elements in the Philippines, it is the view of the Joint Chiefs of Staff

[1] Source: JCS Files, CCS 689.9 Philippine Islands (11–7–43). Secret.
[2] Not printed. (*Ibid.*)

that the establishment of a U.S.-Philippine Mutual Defense Board, as proposed by Mr. Bendetsen, is an important initial step which should be taken now to lend substance to this concept. Discussions within the Board might serve not only to aid in the resolution of many of the current so-called "tangible" issues, but also to remove from the area of public controversy those and other issues, tangible or intangible, which may arise in the future. In this connection, the Joint Chiefs of Staff are in general agreement with the solutions to "tangible" issues proposed by Mr. Bendetsen.

4. The views of the Joint Chiefs of Staff on appropriate intangible issues are contained in the subsequent paragraphs.

5. *Criminal Jurisdiction.* The strategic military need for U.S. bases in the Philippines and the necessity to retain them to support U.S.-Philippine posture in Asia is of such importance that in the view of the Joint Chiefs of Staff some compromise on the issue of criminal jurisdiction should be permitted if required for successful completion of negotiations. The Joint Chiefs of Staff recognize that compromise on this issue could have an important bearing on the morale of U.S. military personnel and might seriously threaten existing status of forces agreements throughout the world. In the opinion of the Joint Chiefs of Staff the solution proposed by Mr. Bendetsen would probably not have that effect. However, the Joint Chiefs of Staff would view with concern any further concession in this regard which would afford lesser protection to U.S. military personnel.

6. *Retaliation in the Event of Armed Attack.* U.S. world-wide commitments were summarized in a memorandum by the Joint Chiefs of Staff to you, dated 23 May 1956.[3] Appendix "A" thereto indicated that in addition to NATO, the United States is committed to come to the defense, if attacked, of Rio Pact countries, of Berlin in accordance with Tripartite Declaration with the United Kingdom and France, of Korea and of Japan. Although not spelled out in the text of the formal agreements, the United States also is obligated for similar action in Taiwan and the Penghus, with the case of Middle East countries desiring assistance now being debated. The Joint Chiefs of Staff are of the opinion that the strategic importance of the Philippines to the defense of the United States is of at least equal, if not more, importance than that of many of the foregoing commitments, which in some cases are based on political or economic factors rather than strategic. In view of our traditional ties with the Philippines and the understanding that we would support them if attacked, the Joint Chiefs of Staff do not object to the revision of the U.S.-Philippine Mutual Defense Treaty to bring it into consonance with the North Atlantic Treaty in this regard.

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[3] Not printed.

7. *Correlation of the Three Defense Agreements.* The Bendetsen Report reflects an uncertainty as to the objective the Philippine Government is seeking by correlation of agreements and it is suggested that this aspect be further explored. Since duration of Military Assistance Agreement is dependent upon Congressional enactment of an annual Mutual Security Act or an extension thereof, correlation of the Military Assistance Agreement with the Military Bases Agreement should be avoided.

8. *Wartime Use of Bases.* The Joint Chiefs of Staff concur with the agreed upon State–Defense "package" wherein it makes this problem the subject of "military consultation and cooperation". However, this consultation should take place at the level of the U.S.-Philippine Defense Council established by exchange of notes dated 23 June 1954, pursuant to Article III of the Mutual Defense Treaty. It is the view of the Joint Chiefs of Staff that any agreement which would limit wartime utilization of the bases or which would give to the Philippine Government a veto power over their use would not be acceptable.

9. *Duration.* The Joint Chiefs of Staff note that the U.S. position which was approved by the Departments of State and Defense proposes that when a need for bases in the Philippines no longer exists, negotiations may be initiated for termination of the Military Bases Agreement. The determination of the base requirements is a responsibility of the Joint Chiefs Staff.

10. *Other Intangibles.* It is noted that the Bendetsen Report makes certain recommendations for solution of other intangible issues, such as taxation, customs and the like. Because of the relationship these matters bear to the morale and standard of living of U.S. military personnel serving in the Philippines, the Joint Chiefs of Staff believe that, without precluding administrative action to correct any malpractices which may exist, every effort should be made to preserve the protection U.S. personnel now enjoy under the existing agreement.

11. In conclusion, the Joint Chiefs of Staff are of the opinion that the strategic importance of the Philippines is such that the U.S. must make a sincere effort to recognize Philippine sensitivities on the bases issue. Although the specific details relating to implementation of certain of the recommendations in the Bendetsen Report are responsibilities of the military departments, the Joint Chiefs of Staff consider that, within these limitations and subject to the foregoing remarks, the recommendations of the Report should be carried out expeditiously.

12. The Chairman, Joint Chiefs of Staff, did not participate in the action of the Joint Chiefs of Staff outlined in this memorandum.

For the Joint Chiefs of Staff:
N.F. Twining [4]
Chief of Staff, United States Air Force

[4] Printed from a copy that bears this typed signature.

424. Memorandum From the Secretary of State's Special Assistant for Intelligence (Armstrong) to the Secretary of State [1]

Washington, March 18, 1957.

SUBJECT

Intelligence Note: *Political Consequences of the Death of President Magsaysay of the Philippines* [2]

The death of Ramon Magsaysay has brought to the presidency of the Philippines the current Vice President and Foreign Secretary, Carlos P. Garcia. Garcia is sufficiently popular to hold the government together on an interim basis in the period of crisis. He is well intentioned and likely to try to continue the policies of his predecessor. However, he is easily influenced, inept . . . .

There is some danger that the emotion released by the death of such a revered figure as Magsaysay might erupt into violence. Any suspicion of foul play could easily be followed by rioting against the supposed perpetrators. However, except for possible minor flare-ups, unity and order should be preserved.

Even before Magsaysay's death, political maneuvering in Manila preparatory to the November presidential election had reached such a pitch that the affairs of state were beginning to suffer. With the field now wide open, this activity will increase and dominate all other business. It is not likely that any of the present leaders will be in a position to carry on further negotiations with the US on the bases problem.

At the moment, Senator Claro Recto, arch critic of the United States, is the only avowed election candidate. However, the elderly Senator Jose Laurel remains as probably the dominant national figure

[1] Source: Department of State, Central Files, 796.00/3–1857. Secret. Copies were sent to U, G, W, E, FE, C, and S/P.

[2] Magsaysay died in an airplane crash on March 17.

and may well try to enter the contest. A number of other leaders, besides Garcia, have presidential ambitions; among the more prominent are Senators Emanuel Pelaez, Speaker of the House Laurel, Jr., Gil Puyat, and Fernando Lopez, Manila Mayor Arsenio Lacson, and Ambassador Carlos Romulo. During the elections themselves, widespread fraud and violence could result unless a determined effort is made by the army and civic organizations to maintain strict control.

Neither Garcia nor any other outstanding national figure appears to be capable of leading a positive reform program or acting as the bulwark of a forthright pro-American foreign policy. None of the present political leaders is as deeply committed to political and economic reform as was Magsaysay or is in the same position to withstand the appeals of chauvinistic nationalism. However, the use of anti-Americanism as a political weapon against Magsaysay will no longer be necessary.

In the short run, therefore, it can be assumed that though peace and order may be maintained, little leadership will be given the reform program and political intrigue will dominate the scene to the exclusion of other affairs, including the resolution of outstanding problems with the US.

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425. Memorandum From the Director of the Office of Southwest Pacific Affairs (Bell) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, March 25, 1957.

SUBJECT

Developments in the Philippines

All developments with respect to the Philippines have been overshadowed by the tragic death of President Magsaysay. In view of this event I recommend the following with respect to our policy toward the Philippines.

Presidential Election

As was to be expected, the death of Magsaysay has exacerbated political maneuvering for the Presidential and Vice Presidential nominations. The principal contenders for the Nationalista nomination are President Garcia, and Senators Laurel, Sr., Rodriguez, Puyat,

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[1] Source: Department of State, SPA Files: Lot 61 D 26, Philippine Elections 1957. Secret.

Sumulong,[2] and Recto. While none of these men, from our point of view can take the place of Magsaysay (with the possible exception of Sumulong), none of them with the definite exception of Recto would give us too serious difficulties if elected.

Horace Smith has reported that Senator Laurel has told him that he will be available if the "elder statesman" in the Nationalista Party wished to draft him. I am inclined to believe that Laurel wants the nomination and that he can get it. I also believe that he would be the strongest candidate the Nationalistas could put up. His bitterness toward the United States has abated considerably during the past three or four years. He is an idealist and while not enthusiastically pro-American, he is intelligent enough to realize that the best interest of the Philippines lies in close cooperation with the United States. I believe that his personal prestige among Philippine Congressmen would give him a much better chance of getting Congressional approval of his policies than Magsaysay was able to obtain. Probably his greatest liability from our point of view is his ambition for his son, Jose, Jr., Speaker of the House of Representatives . . . .

President Garcia has gained somewhat in power and prestige by succeeding to the Presidency. He will certainly make a bid for the Nationalista nomination. Prior to his election as Vice President he was viewed as pro-American and was considered an able senator. He is not a man of strong principles and is willing to compromise for political benefit. He is wise enough to know that at least during the political campaign he will have to endorse the Magsaysay program including close cooperation with the United States on foreign policy if he is to win. He may harbor some racial prejudice against Caucasians. Although he followed the "Recto line" at the beginning of his term as Secretary of Foreign Affairs, he shifted his position after being called down by Magsaysay. Although nominally head of the Philippine Negotiating Panel on the Bases, he did not actively participate. . . .

Senator Rodriguez, President of the Philippine Senate, is probably too old to get the nomination. He is a moderate and would probably have the support of the Nationalista old guard provided he does not have to come into open opposition to Senator Laurel.

Senator Puyat is an able businessman but new to politics. He is pro-American and would be eminently satisfactory from our point of view. However, it is unlikely that he has the strength in the Nationalista Party to get the nomination unless a deadlock develops among the stronger candidates.

Senator Sumulong is very highly respected, able, intelligent, and sympathetic to the United States. He could be expected to follow the

[2] Senator Lorenzo Sumulong of the Nationalist Party.

Magsaysay program. From a point of view of integrity, I believe I would place him above any other member of the Philippine Senate. However, his chances for the Vice Presidential nomination are much greater than for the Presidential nomination.

Among the Liberal candidates, a caucus of Liberal Party members have already indicated they will support Jose Yulo. He is reputed to be a man of intelligence and integrity. He has been an advisor to Roxas, Quirino, and, in a sense, to Magsaysay. He probably has the greatest strength of any potential candidate in the Liberal Party and I believe would be satisfactory from our point of view. He is a wealthy man and one of the more economically orthodox leaders of the so-called sugar interests. He might be less than enthusiastic about Magsaysay's rural reform program. He unquestionably has much greater ability in the field of economics than did Magsaysay.

Senator Paredes [3] is 73 years old. He recently switched parties and therefore lacks support from some disgruntled political leaders but he is reported to have enormous popularity in Northern Luzon. Some reports state that with Magsaysay's death the Ilocanos look to him for leadership.

Congressman Macapagal,[4] a former Philippine Foreign Service Officer, has been Chairman of the Philippine House Committee on Foreign Affairs. He is pro-U.S. and anti-Communist, young, vigorous, somewhat vain and would be satisfactory from our point of view.

All of the above have some chance to become President or Vice President. I will see that you have more extensive biographic material on them as soon as possible.

Of the leading contenders, Recto is the only one that would prove really disastrous. You are already aware of his background and views. It is our opinion that Magsaysay's death rather than helping Recto's chances, has made it highly improbable that he can be elected. The intense emotional feeling with respect to Magsaysay and the Magsaysay legend, which is bound to arise, put Recto, as the most vitriolic and vocal critic of Magsaysay, in an extremely difficult position. In view of the emotional atmosphere now existing in the Philippines, it is unlikely that any candidate could be elected President of the Philippines unless he endorses Magsaysay's program and policies. It would be virtually impossible for Recto to do this.

. . . . . .

[3] Quintin Paredes, formerly a member of the Liberal Party, had recently switched allegiance to the Nationalist Party.

[4] Diosdado Macapagal, member of the Liberal Party.

Bases Negotiations

During your absence we made some progress toward arriving at a position with respect to the Military Port of Manila, the Subic Naval Reservation and mining at Clark Field. As this was all to be done directly with Magsaysay, we now have to review our basic policy with respect to these issues. Although Garcia probably will be immersed in political maneuvers from now until the election in November, he may conclude despite such preoccupation that it would be to his advantage to show that he can work with the Americans by attempting to settle some or all of the bases issues. If the Magsaysay program becomes, as we believe it will, a major issue in the campaign, Garcia might be able to line up sufficient support to settle the bases issues on terms we could accept. His opposition could, on the other hand, adopt the tactic of obstructing his moves in order to prove he wasn't the man to deal with the United States. The extent to which we can and should push ahead on the bases problems will depend largely on the attitude Garcia adopts, on the degree to which we may desire to give him a boost, and on the amount of support he may develop.

Our bases problems can be divided into four general categories: 1) Adjustments that we have been committed to do or should have done long ago, 2) relinquishment of lands that we do not need, 3) acquisition of lands that we need, and 4) "intangibles" such as Philippine demands with respect to jurisdiction, duration, retaliation, etc. I would propose that we move ahead with those adjustments which we can undertake more or less unilaterally. These would be 1) arrangement for mining at Clark Field, 2) flying the Philippine Flag, and 3) establishment of a date for the AF to get out of the Military Port of Manila. Action on these items would eliminate sources of friction, and lend stability to the political situation by demonstrating our continued interest in good Philippine relations. After these actions had been announced, the ground would be laid for resolution of those problems which would require Philippine agreement; and we could proceed to take them up with Garcia if at that time it seemed wise to do so.

The next item which would require attention is Olongapo. The Navy is prepared to give up the town and the vast tract of land north of it if the Philippines will move the people out of some 400 houses south of the proposed town boundary and give us base rights in two areas of land across the bay about equal in total size to the area to be relinquished. As discussions on Olongapo would lead us into the question of a property settlement and thence to the intangibles, we will have to approach it with caution. The difficulty with getting into property questions at this time is that the Air Force is

still not sure what it wants and has no funds to make use of additional land at this time. Unless the trade of land at Olongapo can be accomplished without reference to other property problems, we would be faced with the problem of asking for an agreement in principle on additional land requirements from a very unstable and probably transitory government. Such an agreement if achieved might be of little value and in achieving it we would be forced into discussion of the troublesome intangible issues (jurisdiction, retaliation, etc.) at a time when the Philippine Government would have very little flexibility in dealing with them.

Whether or not it develops that any progress on the bases issues can be made beyond the unilateral items suggested above (or Olongapo if it can be handled separately), we will have to consider relinquishing base rights at areas we have not used since the war. By contrast with the reduction in size of bases now in use, continued retention of these long unused areas is of little if any bargaining value. If the Air Force continues for long to be unable to specify and utilize additional land areas it wants, there would be little point to continuing to hold unused bases in view of the irritation they cause.

In any case we can move ahead with the development under the ICA program of Mactan Air Base and the Aircraft Control and Warning Sites as Philippine installations on property paid for by the Philippine Government.

If Garcia appears amenable, we should also set up the Mutual Defense Board as soon as possible. (We should not, however, jeopardize eventual realization of this objective by raising it before the ground is well laid.)

Philippine Claims

With Garcia as President, we need to place less emphasis on the political implications of any announcement of our decision on the Philippine claims. I therefore believe that instead of approaching the Philippines with only the claims which we are able to give them some satisfaction we should go back to our policy of making an answer to all claims at one time and that this should be done through the Foreign Office as soon as possible without reference to political campaigns.

Possible Memorial for Magsaysay

An extremely vague proposal made at last week's OCB meeting that we undertake to promote some appropriate memorial, such as a scholarship fund or even a statue to Magsaysay, seemed to meet with general approval. The idea has been referred to the Philippine OCB Working Group which will meet March 26 to come up with recommendations.

I do not believe that our other policies toward the Philippines need re-examining at this time.

[Here follows discussion of an unrelated subject.]

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426. Telegram From the Embassy in the Philippines to the Department of State[1]

Manila, March 27, 1957—2 p.m.

2701. Repeated information CINCPAC, COMNAVPHIL, 13th Air Force, FEAF by other means. During Beacon Hill exercise I had opportunity to discuss with Manglapus [2] problem of moving ahead on base discussions. Following line used by Assistant Secretary Robertson with Magsaysay,[3] I remarked to Manglapus that we will all need to be examined mentally if both countries cannot get together on the matter of bases. I pointed out to him that I thought it might well be considered by Garcia to be in his personal and political interest if we could arrange to move ahead almost immediately on some of the outstanding unresolved matters that developed during the base negotiations. I indicated that if Garcia was willing to support Manglapus in such an effort I thought considerable progress could be achieved before election time on settling such matters as mining, a mutual defense board, liaison offices, AC&W and air defense needs, Olongapo, Port of Manila, etc. On an announcement of a settlement of the question of jurisdiction Garcia might well wish to put that off until after election, but that it would be advantageous if we could reach confidential agreement on that issue as soon as possible since it would clear the atmosphere on our base construction appropriations and open the way for an easy meeting of minds on other matters, and it also seemed possible that Garcia might wish see it before election. I suggested that even if Manglapus found Garcia felt it necessary to postpone effort to reach agreement on jurisdiction until after elections, he might consider it desirable to try to get a meeting of minds on as many other bases problems as possible. Manglapus generally responsive to my suggestions and indicated that he wished discuss matter with President soonest. Manglapus feels that it would be to advantage of President and both countries to resolve as many basic issues as he possibly can before November elections and that Garcia might well see it that way.

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[1] Source: Department of State, Central Files, 711.56396/3–2757. Secret; Priority.

[2] Raul Manglapus, Acting Foreign Minister of the Philippines.

[3] See Document 421.

Before Manglapus had opportunity to talk to President, President held press conference during Beacon Hill exercise and press raised question of bases negotiations. Garcia indicated that resumption being considered at diplomatic level but that any future discussions would have to be "within framework of Phil Panel position."

Some indications now appearing in press to effect that consideration being given to publishing Phil Panel "white paper." It not clear from available information whether publication would be full text or along lines digest of white paper as originally envisaged by Magsaysay. *Chronicle* and *Herald* today carried front page items reporting that consideration was being given to appointment Senator Pelaez (rather than Acting Fon Minister Manglapus) as Panel head to replace Garcia, and indicating expectation to resumption Panel negotiations with Ambassador Bohlen [4] when he arrives.

Either through Manglapus or directly with President, if opportunity presented tomorrow at luncheon he is giving General Taylor or later, I hope to try to persuade him not to make any unnecessary public moves which might add to difficulty of settling bases issues through normal diplomatic channels or at least arranging through such channels adequate advance understandings to prevent another fiasco if Panel-type discussions have to be resumed.

Smith

[4] Charles E. Bohlen was appointed Ambassador to the Philippines on May 9 and presented his credentials to President Garcia on June 4.

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427. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

Washington, April 24, 1957.

SUBJECT

Authorization to Conclude Individual Agreements Regarding U.S. Bases in the Philippines—Circular 175 Authority [2]

In the course of the bases negotiations with the Philippines last fall you authorized the conclusion and signing of a "package deal" consisting of a basic agreement with eleven annexes and sixteen ap-

[1] Source: Department of State, Central Files, 711.56396/4–2457. Secret. Drafted by Richard D. Kearney, Assistant Legal Adviser for Far Eastern Affairs, and concurred in in draft by L and L/T and by Mein, Brand, Jones, Murphy, and Reinhardt.

[2] Not further identified.

pendices together with several subsidiary agreements. As the negotiations broke down this authority has not, as yet, been exercised. Since the breakdown, efforts have been made to reach agreement with the Philippines on a piecemeal, rather than on an over-all, basis.

As a result of recent efforts it appears that agreement may be reached on a series of problems such as the Port of Manila, the town of Olongapo, Philippine liaison officers, establishment of a Mutual Defense Board and mining rights. The solutions envisaged in respect of these problems will differ somewhat from those originally proposed in the "package agreement". It is not contemplated that these changes, in the great majority of cases, will depart from the basic concepts of the "package agreement' ' insofar as the interests of the United States Government are concerned. Instead, the changes will represent primarily accommodations made by the Department of Defense in order to reflect specific Philippine requests or changes in Defense requirements. The use of the Circular 175 procedure with respect to each individual agreement (possibly totalling as many as 20) would appear, in these circumstances, a waste of time and manpower.

Recommendation:

It is recommended that the Assistant Secretary for Far Eastern Affairs be authorized to approve the conclusion and signature of individual agreements relating to the solution of problems respecting U.S. military bases in the Philippines to the extent such agreements do not represent a departure from established policy or contain departures of significance to the Department of State from the previously approved "package agreement" provided that such agreements are concurred in by the Department of Defense, the Office of the Legal Adviser and any other interested bureau or office of the Department.[3]

[3] Secretary Dulles initialed his approval of the recommendation.

428. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 7, 1957—1 p.m.

515. Embdes 100.[2] For Robertson. I would like to draw your attention to my despatch 100 which left here August 1. It is a brief review of recent economic developments in the Philippines and describes what might become a serious, if not critical, situation. It recommends therefore that we induce the Philippine Government to invite an IMF survey mission to conduct a study as soon after the elections as possible. I would appreciate receiving authorization to start discussions of the advantages and need of such a survey with appropriate Philippine Government officials and with certain influential and knowledgeable Filipino private citizens close to the economic and financial scene.

Bohlen

[1] Source: Department of State, Central Files, 896.10/8–757. Confidential.
[2] Not found in Department of State files.

429. Editorial Note

On August 21, the Operations Coordinating Board submitted a Progress Report to the National Security Council on NSC 5413/1, "United States Policy Toward the Philippines". In most respects, this report did not differ substantially from the previous OCB report of January 16, except with respect to the problem of Philippine protective trade barriers, a matter which had not been covered in previous OCB reports. Regarding this subject, the OCB paper of August 21 reads:

"The Philippines is increasingly utilizing exchange controls for protection of local manufacturers as its industrialization program progresses, although the low level of the country's international reserves is also cited as justification for the various import bans. The obligation under the Revised Trade Agreement for the Philippines to consult with the U.S. prior to the institution of trade restrictions has so far been disregarded, despite our formal protests in four selected and especially significant cases. The U.S. is concerned at what appears to be a trend towards Philippine preference for complete protection which seriously affects our export trade by eliminating all outside competition. A comprehensive tariff act, effective July 1, 1957, also contains many protective features, although current tariff preferences for U.S. products afford U.S. traders a temporary advantage vis-à-vis

third-country suppliers. The tendency of the Philippine Government to protect domestic industries, even at high economic cost, will increase as the industrial sector of the economy is expanded and diversified. The U.S. Government is encouraging the Philippines to conserve its dwindling reserves by generally increasing domestic production, decreasing consumption of imported products, and making further use of external financing." (Department of State, S/P–NSC Files: Lot 62 D 1, NSC 5413 Series)

Additional documentation on United States-Philippine commercial relations is *ibid.*, Central File 411.9641.

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430. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 28, 1957—11 a.m.

Secun 1. Visit Manila has so far produced little of specific interest. Called on Secretary of Foreign Affairs Serrano [2] and President Garcia. Former expressed some concern respecting difference of views among leaders free world which made role Philippines who wished take position along side leaders somewhat difficult. He expressed hope greater consultation among leaders would prevent such embarrassments for Philippines in future. President Garcia expressed concern Philippine balance of payments situation and rapid reduction dollar reserves percent rate bank. He urged U.S. give consideration special low interest development loan for Philippines without restrictions specific projects. Indicated reluctance use Ex-Im Bank credit because interest rates too high and because of necessity buy American which for some projects required additional outlays nearly 40 percent. Likewise seemed disturbed Ex-Im Bank limited credit to various specific projects. President inquired as to possibility Congressional action on special Philippine loan to which replied possibilities such loans by Congress for specific countries highly improbable and that Congress would undoubtedly feel authorizations Ex-Im Bank and Mutual Security sufficient unless some unforeseen emergency arose. Likewise advised President U.S. cite familiar Philippine financial situ-

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[1] Source: Department of State, Central Files, 110.12–HE/8–2857. Secret. Under Secretary Herter arrived in Manila on August 27. He was accompanied by James P. Richards, who had been appointed Ambassador for the purpose of attending the Malayan independence ceremonies of August 31. Documentation on the Herter–Richards visit to the Philippines, Malaya, and several other Far Eastern countries is *ibid.*, Conference Files: Lot 62 D 181, CF 899A through CF 905A inclusive.

[2] Felixberto Serrano replaced Manglapus as head of the Philippine Foreign Office.

ation but could not presently discuss matter in view uncertainty action Congress on MSP.[3]

Laid two wreaths, attended two banquets, health still good.

Bohlen

[3] The Department of State prepared a position paper for Herter on the deteriorating financial situation in the Philippines prior to his visit. (Department of State, FE Files: Lot 60 D 514, Herter Trip to Malayan Independence Ceremonies, August 1957)

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431. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, August 31, 1957—4 p.m.

829. Embtel 722 [2] and Secun 1.[3] Senator Laurel yesterday morning told Smith he was greatly worried over recent decreasing Phil exchange reserves and Phil economic developments in general and considered that only solution in long run was for new government elected in Nov to ask the United States for a currency loan of 300 million dollars to stabilize the Phil currency once and for all. Laurel readily admitted that Phil efforts so far to stabilize currency and preserve reserves had resulted in "more talk than action" and it could not be expected that the United States would find in this recent Phil record much to inspire the granting of a loan.

Smith pointed out the improbability of any such specially legislated loan in present climate U.S. Congressional attitude toward foreign aid and mentioned the International Bank, the Export-Import Bank and the International Cooperation Administration as slightly less unlikely sources of loans or credits. He mentioned probability that a survey of Phil needs and programs would be required before International Bank would be likely to extend credit or make loan and that the Export-Import Bank and ICA would have to be sure that Phil self-help and self-control would be adequate to warrant consideration. Smith had already pointed this out three weeks before to Senator Sabido [4] in Laurel's hearing when Sabido raised the subject and mentioned Phil need for a 200 million dollar currency support

[1] Source: Department of State, Central Files, 896.10/8–3157. Secret.

[2] In telegram 722, August 23, Bohlen informed Robertson that Governor Cuaderno, during a planned trip to Washington in early September, would probably "make another concerted effort to secure sizeable loans especially those not tied to US purchases." (*Ibid.*, 033.9611/8–2357)

[3] *Supra.*

[4] Pedro Sabido of the Nationalist Party.

loan reminding Sabido that a few months ago the Phil Central Bank had over 200 million in reserves. Despite Smith's discouraging remarks both Laurel and Sabido appeared to remain quietly confident that when the time comes the U.S. Govt can in practice be counted on to salvage the Phil economy even to the extent of a special currency support loan if convinced that is only way it can be salvaged.

Comment: Above typical of indications being received from numerous feelers by members top government and commercial banking communities that the U.S. Govt will probably soon receive a confidential request for a large stabilization loan.

Bohlen

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432. National Intelligence Estimate [1]

NIE 66/1–57 *Washington, September 3, 1957.*

POLITICAL OUTLOOK FOR THE PHILIPPINE REPUBLIC OVER THE NEXT FEW MONTHS [2]

The Problem

To estimate political developments in the Philippines and trends in US-Philippine relations over the next few months.

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[1] Source: Department of State, INR–NIE Files. Secret. National Intelligence Estimates were high-level interdepartmental reports appraising foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated under the aegis of the President, appropriate officers of cabinet level, and the members of the NSC. The Department of State provided all political and some economic sections of NIEs.

According to a note on the cover sheet of this NIE, the following intelligence organizations participated in preparation of this estimate: CIA, and intelligence organizations of Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the IAC concurred with this estimate on September 3 with the exception of the representatives of the AEC and FBI who abstained on the grounds that the subject was outside their jurisdiction.

[2] This estimate supplements NIE 66–57, "Political Outlook for the Philippine Republic During 1957," 12 February 1957, superseding the political section of that estimate in the light of Magsaysay's death. We believe the sections of that estimate regarding the Communist threat, economic prospects and US-Philippine relations, excepting those references to Magsaysay, remain valid. [Footnote in the source text. NIE 66–57 is not printed.]

Conclusions

1. At this stage in the election campaign the Nacionalista party appears to have a clear edge. We believe that the Liberal party candidates, Yulo and Macapagal, rate considerably higher as individuals than the Nacionalista candidates, Garcia and Laurel, Jr., in terms of ability, adherence to principle, and concern with improving conditions in the Philippines and with good US-Philippine relations. However, in these same terms there is little to choose between the two parties, and both major candidates are beholden to special interest groups. (Paras. 15, 17–18)

2. The Progressive party and its presidential candidate, Manahan, have a legitimate claim to the mantle of Magsaysay and would probably push reform measures, honest government, and good US-Philippine relations. However, the party lacks organizational strength and financial backing, and Manahan's chances of victory are slight. (Paras. 12–13)

3. Regardless of the outcome of the elections, the Philippine government will probably lack the degree of stability, sense of direction, and public confidence it had under Magsaysay. Under either the Nacionalista or Liberal party, corruption will probably increase, privileged groups will probably exercise increased influence on the government, and there will be a halt to effective economic development and social reform. Thus, a trend will be initiated toward the venal and expedient administration of public affairs that characterized the pre-Magsaysay era. As such a trend progressed, public reaction would take the form of widespread unrest which might, in time, either build up to a serious economic and social upheaval or degenerate into general political apathy. In either event a climate favorable for Communist subversion would be created. (Paras. 21–23)

4. The base issue, particularly the problems of criminal jurisdiction and of demarcation of base areas, will continue to cause friction and irritation in US-Philippine relations. For the short term however, we do not believe that the Philippines will take any action which would seriously jeopardize US military base rights. The bulk of the Philippine population and most of the leaders will probably continue to recognize the necessity of reliance on the US for security and to favor continued cooperation with the general line of US policy in the Far East. The long term outlook is for the growth of nationalism, increased pressures for a more independent foreign policy, and a general loosening of ties with the US. (Paras. 25–27)

[Here follows the "Discussion" section of NIE 66/1–57.]

433. Memorandum From the Director of the Office of Southwest Pacific Affairs (Mein) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, September 21, 1957.

SUBJECT

National Elections in the Philippines

With reference to the recent discussions in your office concerning the elections in the Philippines, you may be interested in Telegram No. 1067 from Manila,[2] Tab A, and portions of Despatch No. 213 from Manila,[3] Tab B.

The Embassy's telegram reports a conversation Bill Walker had with Manahan in which the latter discussed the lack of financial backing. The Embassy reports that Manahan is gaining more rapidly than any other candidate, but concludes that on the basis of present indications Garcia is still likely to be the successful candidate in the November elections.

The Embassy reached the same conclusion in its despatch which was transmitted before the telegram. The chances of the Progressive Party are discussed on pages 6, 7, and 8 with the more interesting items underscored. You will notice that the Embassy points out that the problem of raising funds continues to plague the party and that their financial resources are practically exhausted, so that unless the party can obtain additional financial support it will be difficult to exploit and hold the popular enthusiasm that Manahan appears to be generating.[4]

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[1] Source: Department of State, Central Files, 796.00/9–2157. Secret.

[2] Dated September 18, not printed. (*Ibid.*, 796.00/9–1857)

[3] Dated September 11, not found in Department of State files.

[4] Howard P. Jones wrote the following comment on the source text: "Evidence that our decision last week was the right one." No reference to this decision has been found in Department of State files.

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434. Editorial Note

At a meeting of the National Security Council on October 2, Allen Dulles gave the following assessment of recent developments in the Philippines:

"With respect to the election campaign in the Philippines, Mr. Allen Dulles pointed out that it was heating up, with only five weeks to election day. The Nacionalista candidate, Garcia, still had the inside track at the present time so far as we could judge. Garcia

was an uninspiring candidate and vulnerable to charges of corruption. Yulo, the candidate of the Liberal Party, had proved something of a disappointment. Emerging as a possible threat to Garcia was the third candidate, Manahan, who in some respects inherited the tradition of Magsaysay. He may still have some chance. In any event, the United States could work well with Yulo or Manahan." (Memorandum of discussion at the 338th meeting of the NSC by Gleason, October 3; Eisenhower Library, Whitman File, NSC Records)

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435. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, October 8, 1957.

519. Your 515, Deptel 449.[2] Despatch 100 received.[3] Department glad to have team analysis and agrees with Embassy regarding importance balance payments problem and danger piecemeal devaluation and other measures not getting at root basic economic and fiscal difficulties.

Department has discussed matter of IMF survey mission with US Director IMF and with Treasury. Terms of reference survey mission visualized by Embassy may be beyond customary role IMF missions. IMF annual consultations with Philippines under Article XIV have for past two years been held in Washington with Cuaderno personally. IMF now plans tell Cuaderno that instead of quick consultation here IMF this year desires consultation Manila. Consultation would be after election. Terms reference as well as ordinary three weeks duration such mission could probably be expanded somewhat. Fact finding would be completed by IMF and checked by Philippines in advance arrival mission thus entire time available policy discussions.

Since IMF is getting in touch immediately with Cuaderno regarding consultation in Manila Department believes preferable, as suggested in Despatch 100, let this matter develop as normal IMF procedure rather than Embassy stimulate request for special mission. When matter has been agreed with Cuaderno there would then be time to make terms reference as broad as feasible. Department concurs that question subsequent IBRD mission to conduct full-scale

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[1] Source: Department of State, Central Files, 896.10/8–757. Confidential. Drafted in OFD/FN; cleared by IMF, Treasury, FE, SEA, and ICA; and approved by Tyson and Robertson.

[2] Neither printed.

[3] Not found in Department of State files.

review economy can be considered later. Embassy should not divulge to Philippines its knowledge re IMF plans.

Embassy comments invited.

Herter

436. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, October 17, 1957—1 p.m.

1439. There has been a sharp reaction in the Manila press to an AP story datelined New York quoting *Newsweek* story on US views Laurel, Jr., in almost all leading dailies. Recto's headquarters has denounced article as example American interference in elections. A further news report states Nacionalista Party leaders planning formal protest to Embassy and Laurel family reported considering libel suit against *Newsweek*.

Unfortunate part of story is that it directly refers to "US diplomatic observers in Philippines" and cites directly unnamed "US top official" for derogatory personal and political references to Laurel, Jr. Heretofore, Embassy had been successful in establishing posture of complete noninterference in present election and there had even been complimentary references to this fact by some Filipino columnists. In reply to inquiries yesterday and today we have been merely stating that story did not originate in US Embassy; that insofar as we are aware no *Newsweek* correspondent or stringer has been in Manila and certainly no representative of *Newsweek* has been in contact with Embassy for discussion of election scene or other purpose. Therefore, Embassy has no knowledge or responsibility for this story.

It is too soon yet to determine whether this will be one day sensation or whether charges of American interference with direct implication of Embassy because of wording of *Newsweek* story will become major theme. At moment we will continue to reply to questions and informal conversations along line indicated above without any formal public statement from Embassy. However, if this issue develops it may become necessary for us to make more formal statement. We are watching situation closely and if necessary Embassy will issue brief statement as follows:

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[1] Source: Department of State, Central Files, 796.00/10–1757. Confidential; Priority.

"An Embassy spokesman said today that the attribution to 'US diplomatic observers in the Philippines' in *Newsweek* story of October 15 of views concerning one of the candidates for high office in the current election is completely unfounded. Insofar as the Embassy is aware no correspondent of *Newsweek* has been in Manila and certainly none have called at the Embassy in recent months."

It will be noted that denial is directed entirely to attribution "US diplomatic observers in Philippines" and does not go into substance of comments on Laurel, Jr. nor does it attempt to deal with alleged statement "top US official", which from context would appear to be in Washington although here this is regarded as reference to myself. We feel, however, brief denial if necessary along above lines is preferable to more direct comment or statement.

Hope also Department in reply to inquiries will take similar line.

Bohlen

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437. Telegram From the Embassy in the Philippines to the Department of State [1]

Manila, November 1, 1957—10 a.m.

1653. Repeated information CINCPAC, CINCPACFLT, CINCPACREPPHIL, COMNAVPHIL, PACAF, 13th AF by other means. I assume State and Defense are working on the points in connection with the bases issue set forth in Embtel 449 and 450.[2] Although of course nothing is official, present indications are that if the Garcia administration returns to power it will seek to open bases negotiations in some form shortly after inauguration.

In fact, today Serrano told me that in all probability Philippine Government (of course by this he meant if present administration returns to power) would probably seek to initiate discussions on bases issue towards the end of January next year. I told him that during my brief visit home in December I would of course discuss this matter with my government and hoped to bring back with me clear US positions on the various issues involved. I told him, however, I thought the first question to be decided if his government wished to

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[1] Source: Department of State, Central Files, 711.56396/11–157. Secret.

[2] In these telegrams, August 2, Bohlen recommended that the United States select those unresolved base issues which were urgent from the U.S. point of view and, where appropriate, implement changes unilaterally. Among the pressing issues set forth by Bohlen were land matters relating to the modernization of the U.S. bases in the Philippines. He also suggested that the United States avoid discussion of the "intangible" issues at this time. (*Ibid.*, 711.56396/8–257)

press for renewal of negotiations would be the procedure and manner in which any such negotiations would be conducted. He agreed and we decided that sometime between election and my departure he and I would meet to discuss this aspect in the event the present administration returned to power.

If negotiations on this issue are inescapable, and I believe they will be, it is extremely important at the outset to set the procedures and method of negotiation in advance in order to avoid the difficulties that arose during the Bendetsen mission. According to the almost [unanimous?] [3] view of those who participated in the Bendetsen talks, they were prejudiced from the start by the intense publicity which surrounded the discussions, and in particular by the inclusion in the Philippine "Panel" of a considerable number of politicians. I feel very strongly, therefore, that we should seek Philippine agreement in advance that any discussions on this subject should be conducted through diplomatic channels by the Embassy here with the Foreign Office and we should at least on our side definitely avoid the sending of any special delegation. Any experts and technicians from Defense or State which will be necessary for the talks should be temporarily assigned to either Embassy staff or local military commands. I cannot tell whether or not on the Philippine side they will find it possible to dispense with the Panel, but if we make it clear that for the U.S. any such talks will be conducted by the Embassy it would, I believe, materially assist those in the Philippine Government who would like to see the Panel dissolved and negotiations conducted through diplomatic channels.

In anticipation, therefore, of a talk with Serrano and possibly Garcia if he is elected, I would appreciate instructions along these lines concerning the purely procedural aspect of any future talks. I very much hope that when I am home State and Defense thinking on the issues involved will be sufficiently advanced to permit a clear formulation of U.S. position on each of these issues.

On the question of timing Secretary Vargas yesterday mentioned to me the possibility that if elected Garcia might wish to pay a visit to the U.S. in early January. He said that nothing had been decided on this point but he knew Ambassador Romulo had strongly urged it on Garcia.

If Garcia is not elected of course the picture will be entirely changed and the question of bases negotiations might be considerably postponed.

Bohlen

[3] The interpolation within brackets was handwritten on the source text.

438. Telegram From the Department of State to the Embassy in the Philippines [1]

Washington, November 7, 1957—6:52 p.m.

1511. Joint State–Defense message. Manila's 1653,[2] 450, 449,[3] Department's 649.[4] Appreciate your views on probability early resumption base negotiations if Garcia administration returned to power. We agree fully that US interests best served by playing down new discussions as much as possible and by avoiding at all costs sending any US special delegation which would focus press attention and ensure reactivation of Philippine panel.

You therefore authorized inform Serrano US wants discuss bases questions through normal diplomatic channels between Embassy Manila, and Philippine Department Foreign Affairs and would appreciate Philippine agreement to this procedure. As to timing of such approach Department suggests you may wish in line second paragraph your telegram defer until after elections.

FYI: We agree your idea that as required experts and technicians from Department or Defense could properly be temporarily assigned as advisers to Embassy staff. End FYI.

Dulles

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[1] Source: Department of State, Central Files, 711.56396/11–157. Secret. Drafted in SPA, cleared in draft by Quarles and Mein, and approved by Jones. Repeated to CINCPAC, CINCPAC for POLAD, CINCPACFLT, CINCPACAF, CINCPACREPPHIL, COMNAVPHIL, and 13th Air Force.

[2] *Supra.*

[3] See footnote 2, *supra.*

[4] Dated August 29, not printed. (Department of State, Central Files, 711.56396/8–257)

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439. Editorial Note

In the Philippine election of November 12, Carlos Garcia was elected President and Diosdado Macapagal was elected Vice President. In a report prepared for the Under Secretary, the Deputy Director of INR, R. Gordon Arneson, made the following assessment of the election results:

"Sharp cleavages within the majority Nacionalista Party, the personal weakness of Garcia, and the absence of a popular mandate all indicate that the government-elect will be unable to take the stringent measures required to resolve the current monetary crisis and meet the long-term need for economic development and social

reform. As a result, the relative stability achieved by the Magsaysay administration can be expected to deteriorate over the next four years.

"No immediate change in foreign policy appears likely, although Garcia has not in all instances adopted the strong anti-Communist international stand taken by his predecessor. He may, therefore, be more vulnerable than was Magsaysay to the neutralist pressures of nationalist extremists." ("The Philippine Elections: Results and Prospects," November 15; Department of State, Central Files, 796.00/11–1557)

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440. Telegram From the Commander in Chief, Pacific (Stump), to the Chief of Naval Operations (Burke) [1]

Honolulu, November 23, 1957.

222126Z. Subj: Resumption Phil-US base negotiations. Ref joint State–Defense message (SecState to Manila 1511 [2] passed by crypto WAR SVC 9572 as 081010Z).

The following CINCPAC comments are submitted for consideration.

The break-off in negotiations which occurred last December appears to have caused no serious strain in Phil-US relations. Those Phil officials who have since looked back objectively at the 1956 negotiations cannot fail to find ample evidence of overreaching tactics on the part of their own panelists. Under the proposed plan for resumption of talks at the diplomatic level the built-in disadvantages of panel vs panel will be avoided. CINCPAC shares in the hope that a more orderly and closed session type of negotiation will prevail. None the less should a renewal of negotiations, even though at diplomatic levels, fail once again to achieve mutual satisfaction, the US may not find it as easy to slip back into an existing and satisfactory status quo. In the next go-round the stakes are higher. The US cannot afford to call another recess. Consequently we cannot afford to commence negotiations without a thorough and realistic preparation.

It is generally expected that criminal jurisdiction (which was the stumbling block last year by design or otherwise) will again be an issue of troublesome proportions. CINCPAC submits that it is an un-

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[1] Source: Department of Defense, OASD/ISA Files, FMRA Records, Philippines. Secret. Repeated to the Embassy in Manila, CINCPACREP Philippines, CINCPACFLT, CINUSARPAC, and CINCPACAF.

[2] Document 438.

qualified essential for the US to have a pre-determined position on criminal jurisdiction before the commencement (or re-opening) of negotiations. It cannot be recommended too vigorously that the US negotiators be furnished with a definitive position paper on Phil-US jurisdiction before the commencement of talks. This position paper may well direct US efforts towards a certain desired solution—the paper may also permit several fall-back positions—but it must not fail to reflect a final position which represents the irreducible minimum acceptable to the US. This State–Defense guidance on jurisdiction must be clear and unambiguous. We will then have a fair chance of avoiding a repetition of continuous message exchange carried out in an undesirable atmosphere of urgency. Only in this way too can the US negotiators really know for certain their own position and, more important, be enabled to impart a sense of decisiveness and finality to their opposite numbers. (In retrospect it would seem that a sense of finality was never gotten across to the Phil panelists of 1956 on many of our positions. Somehow the Phils acted as though US positions possessed indefinite elasticity. Perhaps this can be traced in part to our failure to provide firm terms of reference.)

In submitting the above comments, CINCPAC is not disagreeing with the proposed plan to have certain "experts and technicians" assigned to the Embassy staff in Manila. But CINCPAC submits that in the field of jurisdiction at least, the experts can be best utilized in pre-negotiation activity to delineate an acceptable strategy defined. These experts can be employed to monitor tactical moves along a predetermined path.

Singapore and Malaya

UNITED STATES INTEREST IN PREVENTING COMMUNIST SUBVERSION

441. Editorial Note

By 1955 British and Malayan forces in the Federation of Malaya were in the final stages of a war to suppress a Communist insurgency movement. A state of emergency, establishing special police powers to combat terrorism, had been in effect since June 17, 1948. Singapore, a separate but related administrative unit within the British Empire, also adopted emergency regulations in 1948 to combat the threat of Communist insurgents. United States policy, as outlined in NSC 5405, adopted on January 16, 1954, was to "support the British in their measures to eradicate communist guerrilla forces and restore order." (For text of NSC 5405, "United States Objectives and Courses of Action With Respect to Southeast Asia," see *Foreign Relations*, 1952–1954, volume XII, Part 1, page 366.) The progressive success of the British campaign to eliminate the Communist guerrilla forces in Malaya led to a change of Communist tactics and created growing concern within the United States Government that Communist subversion in the schools and labor unions of Singapore and Malaya would succeed where Communist terrorism had failed.

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442. Memorandum From the Deputy Director for Plans of the Central Intelligence Agency (Wisner) to the President's Special Assistant (Rockefeller) [1]

Washington, June 1, 1955.

SUBJECT

Singapore Situation

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[1] Source: Department of State, Central Files, 100.4–OCB/6–656. Secret. On June 6 a copy of this memorandum was sent to Walworth Barbour under a covering memorandum from T.W. Parker, Executive Secretary of the Planning Coordination Group. (*Ibid.*)

1. Submitted herewith is a brief summary of information concerning Singapore, including a pointing-up of the origin and significance of the recent riots there.[2] Additional copies of the information summary as well as this covering memorandum are enclosed for Messrs. Barbour and Sullivan,[3] both of whom have expressed interest.

2. I should like to make the following additional comments concerning the Singapore situation and to suggest that they be considered together with the information contained in the attached summary. As of last September and October, the British authorities responsible for the Government of the Crown Colony appeared to be well aware of the difficulties with which they were confronted, but at a loss to know how to deal with these difficulties. . . . Mr. Lampton Berry, the United States Consul General in Singapore, has for many months been expressing grave concern regarding this situation and the possibility that the Communist-inspired groups and activities may be getting beyond the control of the authorities. Mr. Berry has also been troubled about the lack of a sufficient amount of specific information concerning the situation.

3. An additional point deserves to be made, obvious though it may be. The situation in Singapore, and more especially the rising tide of Communist subversive activity there, is a direct reflection of developments elsewhere in Southeast Asia. Since the fall of Dien Bien Phu and the Geneva Conference there has been a marked acceleration of Communist-inspired and directed activities in Singapore, and to a lesser extent in Malaya. By the same token, it is probable that any significant strengthening of the anti-Communist position which may occur in Vietnam, or elsewhere to the North, will have as its accompaniment a diminution of Communist disturbances in Singapore. This is only one of the reasons why it is so important to hold Free Vietnam and at the same time to do all that can be done to shore up the situation in other adjoining and proximate areas.

Frank G. Wisner [4]

. . . . . .

F.G.W.

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[2] The attached summary of recent Communist activities in Singapore on May 12 and 13, not printed, was prepared in the Central Intelligence Agency on May 19.

[3] Charles A. Sullivan, Director of the Policy Division, Office of Foreign Military Affairs, Office of the Assistant Secretary of Defense for International Security Affairs.

[4] Printed from a copy that bears this typed signature.

443. Letter From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Consul General in Singapore (Berry) [1]

Washington, June 17, 1955.

DEAR DICK: The situation in Singapore has certainly been deteriorating fast. We hope this is temporary but it does not look so from your reports and despatches.[2] They certainly highlight the wisdom and accuracy of your predictions last March during that evening I spent with you and your colleagues.[3]

I have read Anderson's despatches with great interest (570 and 574 [4]). They are excellent. On this basis we are submitting a memorandum to Mr. Robertson requesting urgent consideration of what the United States might do in this situation before it gets totally out of hand.[5] . . . The difficulty seems to us primarily diplomatic so far as we are concerned. How should we approach the British and can we? They are so extremely sensitive and on the other hand they seem to be numb. The loss of Malaya of course would have a profound effect directly or indirectly on Indonesia [and?] the Philippines as well as the rest of Southeast Asia, although this may be a long way off. I feel the time has come if not already over due to try to prepare for this contingency. I believe that higher levels in Washington are realizing the gravity of the situation and its serious implications.

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[1] Source: Department of State, SEA Files: Lot 58 D 207, Malayan Correspondence (1955). Secret; Official–Informal.

[2] The most recent report was a letter to Young, June 10, in which Consul William O. Anderson described Communist penetration of labor unions and schools in Singapore, and the failure of British colonial officials to counter it. He calculated that if Singapore was to be preserved from Communist control, "we haven't much time to play with." (*Ibid.*)

[3] Not further identified.

[4] Despatch 570 from Singapore, May 25, reported on the prospects for success of the Labour Front government of Chief Minister David Marshall in the face of the disruption of the colony by Communist agitators. (Department of State, Central Files, 746F.00/5–2555) In despatch 574 from Singapore, May 27, Anderson analyzed the riots which had taken place in the colony on May 12 and 13 and concluded that Singapore "cannot be considered firmly in the Free World camp." (*Ibid.*, 746F.00/5–2755)

[5] In a memorandum to Walter S. Robertson, June 16, Young recommended that the United States urge both the Marshall government to curb civil disorder in Singapore and the United Kingdom to set a firm date for the independence of Malaya. In conjunction with the proposed announcement to establish a date for independence, Young recommended that an intensive anti-Communist indoctrination program should be launched in Singapore and Malaya. In a handwritten note at the end of the memorandum, Young added that he felt that the situation was urgent. Robertson indicated that he concurred in the necessity for immediate discussions within the Department to develop a position on the problem. (*Ibid.*)

The appointment of Sir Robert Scott has just been announced.[6] This will help our diplomatic problem immensely I am sure, as you will no doubt agree. He is well known to the Secretary and the Department, and held in high respect. His appointment is one bright note.

I do hope you are feeling better and that you will take good care of yourself. If you do feel at all under the weather, please let me know.

With warm regards,

Sincerely,

Kenneth T. Young, Jr.[7]

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[6] Sir Robert Scott was appointed Commissioner-General for the United Kingdom in Southeast Asia. His headquarters were in Singapore.

[7] Printed from a copy that bears this typed signature.

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444. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, June 30, 1955.

SUBJECT

Deteriorating situation in Malaya

REFERENCE

My memorandum of June 16 on the same subject [2]

Discussion:

1. I had a long and interesting discussion on June 23 with Walt Butterworth and Outer Horsey of BNA on the situation in Malaya, and we agreed to approach the British informally in London on the subject. I have, therefore, asked Art Ringwalt by letter to seek UK views and estimates on Malaya and Singapore from both the Foreign and the Colonial Office: and, if possible, gain some idea of UK plans

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[1] Source: Department of State, FE Files: Lot 56 D 679, Malaya. Secret. Drafted by Foster. Also sent to Sebald.

[2] See footnote 5, *supra*.

in sufficient detail to guide U.S. policies and courses of action suitably.[3]

2. It became very clear from my discussion with EUR that it does not share FE's concern over the situation in Malaya and, in general, deprecates the significance of events going on there.

3. Chuck Baldwin, and Sax Bradford of USIA, have recently returned from Malaya. Each of these senior officers has separately corroborated in all important aspects the reporting of our mission at Singapore. I think you should talk with each of them and get their impressions of the situation firsthand.

4. A new and disturbing move has been made by the Communists in the Federation. The terrorists, who have been in open revolt there for the past eight years, have at this particular time offered to negotiate a peaceful settlement with the British authorities in order to achieve "a peaceful democratic and independent Malaya". The Communists propose to end the war, abolish the emergency regulations, hold a round-table conference of all political parties to be followed by general elections in a "democratic, peaceful atmosphere".

5. This offer is admirably timed by the Communists in an attempt to divide the Federation before the elections scheduled for July 27. The Communists expect and have received a British rebuff to this offer and hope thereby to create additional anti-British and anti-Colonial feeling. It is my opinion that the Communists are determined to bring an end to the emergency regulations now enforced by the British in the Federation. These emergency regulations hamper Communists' attempts to organize and infiltrate student and labor organizations in the Federation. If the Communists are to bring to the Federation civil disorder similar to that experienced in Singapore, they must create for themselves the opportunity to do their work in a complacent and unregulated atmosphere.

6. The British in the Federation have reacted with encouraging imagination and firmness to this offer although they so far appear to be without special retaliatory program. They are attempting to twist this Communist offer psychologically into a sign of weakness, knowing that Communist communication in the jungle, particularly at subordinate levels, is slow and unreliable. British voice aircraft are now circling the jungle broadcasting the theme that the Communist leaders wish to quit and have admitted defeat. They are exhorting the rank and file terrorists in the jungle to surrender now.

In addition, the Government has announced the establishment of a joint military and civil organization to counter Communist subver-

[3] Letter from Kenneth T. Young to Arthur R. Ringwalt, June 23, not printed. (Department of State, SEA Files: Lot 58 D 207, London Correspondence (1949–1955)) Ringwalt was First Secretary and Counselor of Embassy in London.

sion. This organization will place responsibility for anti-Communist operations not only on the British military, but also on Malayan civilians who will be elected to the new Legislative Council in July.

Conclusion:

1. Very little more can be done at present until the approach to the British in London reveals British attitude and estimates.

2. EUR is hesitant to permit U.S. pressures upon the British for action in Malaya.

3. Singapore and the Federation are the fulcrum upon which British policy and power in Asia depends. This British force is the strongest real backing for the Manila Pact [4] outside of U.S. capabilities. Substantial turmoil and disorder in Malaya at the focus of British power in Asia cannot but weaken confidence in the Free World position in Asia and further strengthen the prestige of Chou En-lai.

4. Our Consul General in Kuala Lumpur has also been sending in reports on the increasingly disturbing developments in the Federation.

5. It might be useful for the Secretary to raise the Singapore and Malaya situation informally with Eden and Macmillan to sound them out at Geneva.[5]

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[4] The Southeast Asia Collective Defense Treaty, signed in Manila on September 8, 1954. (6 UST 85)

[5] Dulles did not raise the issue with senior British officials until the Eden–Lloyd visit to Washington, January 31–February 1, 1956. For a report of Dulles' conversation with Lloyd on that occasion, see Document 452.

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445. Editorial Note

The first general election conducted in the Federation of Malaya was held on July 27. The election was held to fill the 52 elected seats in the new Federal Legislative Council. Of the 129 candidates who stood for office, 52 represented the Alliance, a grouping composed of the United Malays' National Organization, the Malayan Chinese Association, and the Malayan Indian Congress. The campaign slogan of the Alliance was "Independence in Four Years". Alliance leader Tengku Abdul Rahman called for the "Malayanization" of the civil service, the establishment of a general amnesty for Communist terrorists to bring the emergency to an end, and the creation of a special commission to study the question of constitutional reform and independence. Alliance candidates won 51 of the 52 seats in the election,

and the Alliance proclaimed the outcome as a mandate to press for independence. An assessment of the election by the Consulate General at Kuala Lumpur is in despatch 36, August 8. (Department of State, Central Files, 797.00/8–855)

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446. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Deputy Under Secretary of State for Political Affairs (Murphy) [1]

Washington, November 9, 1955.

SUBJECT

Subversion in Singapore and the Federation of Malaya

Various reports have been received by the Department over the past months describing the state of subversion in Singapore and the Federation of Malaya. We have now received an excellent comprehensive analysis of the problem of subversion in Malaya written by Consul General Eric Kocher upon the recent completion of his tour of duty there.[2] Because I believe a current statement of the situation will be of interest to you, and because we plan to use Kocher's despatch as a basis for interdepartmental planning, your attention is invited to the following summary of his report:

The presence of subversion among the schools, political parties, and trade unions of Singapore and the Federation are well known, but there are significant variations of degree between the two areas. Although the infiltration of Chinese middle schools constitutes one of the greatest threats in each area, the Federation schools are still by and large under the control of non-Communist management committees in contrast to the rigid Communist control prevailing in the Singapore schools. Trade unions and the political arena constitute other spheres of danger in the Colony; in the Federation the threat to these sectors remains potential even if omnipresent.

The gravity of the threat to both areas should not necessarily be cause for despair and inaction. Because subversion in Singapore appears to have reached its most mature development, police power and coercion must always be ready to meet any threat to stability

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[1] Source: Department of State, FE Files: Lot 56 D 679, Malaya. Confidential. Drafted by Rufus Z. Smith.

[2] Despatch 176 from Singapore, October 14, not printed. (*Ibid.*, Central Files, 746F.00/10–1455) A note on the source text of this memorandum in an unidentified hand indicates that despatch 176 was sent to Murphy as an attachment to this memorandum.

that may be posed; in contrast, the Federation, with subversion in schools, trade unions, and political life still in the early stages, can place primary reliance on remedial measures calculated to diminish the attraction of Communism. In both areas an over-all anti-subversion plan—more comprehensive than anything now apparently being considered by the British and elected Asian Governments—should be drawn up. If such a plan is made and the appropriate measures taken, the Federation—and perhaps Singapore as well—have a reasonable chance of emerging into self-government and subsequent independence on the side of the Free World.

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447. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Under Secretary of State (Hoover) [1]

Washington, December 5, 1955.

SUBJECT

OCB Consideration of Subversion in Malaya

Background:

Last week the OCB directed that we undertake, on an urgent basis and in cooperation with USIA, ICA, CIA, and Defense, preparation of a study of subversion in Malaya and of recommended courses of action for OCB consideration. FE already had under way an interdepartmental policy paper.

Discussion:

Attached is a copy of the paper which has been completed [2] and is now being reproduced by the OCB Staff for consideration at the next Board meeting. It expresses the complete agreement of the interested agencies that the situation in Malaya, particularly in Singapore, is grave and that urgent action is required. It points out that if Malaya were to fall to communist control the results would be a serious blow to our position in Southeast Asia and the Far East generally, incalculable and irreparable damage to the SEATO concept, and communist command of a very important strategic position.

The paper has the tentative concurrence of all the drafting agencies with the exception of USIA, which takes exception to two of the

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[1] Source: Department of State, OCB Files: Lot 61 D 385, Singapore and Malaya, General. Secret. Drafted by Smith.

[2] Not attached; presumably a draft of the Staff Study, *infra*.

recommended courses of action. USIA does not agree to provide increased assistance to the British information effort in Malaya nor to expansion of its own program. We understand USIA's objections are (1) partly budgetary but are also based on (2) a belief that the British should further develop their own resources and (3) a fear of placing the U.S. in the position of appearing to support colonialism.[3]

However, we believe that:

(1) the gravity of the communist threat requires a continuation of USIA activities in Malaya *at least* at their present level and that, in fact, expansion is called for even if it means USIS reductions elsewhere;

(2) The British should increase their own information effort but that we cannot press them to do so unless we stand ready to assist them on projects where we have special competence or facilities; and

(3) British and U.S. interests in Malaya coincide sufficiently to justify our sympathetic consideration of any request they may have for our assistance in the information field.

We understand, further, that USIA is reluctant to agree to any change in its Malaya program because in the past Mr. Streibert has expressed the view that the program should be reduced there. (He is out of the country and will not return until later this month.)

Recommendation:

It is recommended that when the Malaya paper comes before the Board you concur in the recommended courses of action and press for full USIA concurrence. If it should appear necessary you may wish to suggest that the issues be put to Mr. Streibert by telegraph.[4]

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[3] A U.S. Information Agency position paper, circulated to the Board Assistants of the Operations Coordinating Board under cover of a memorandum from Acting Board Assistant J. M. Gerrety, December 6, confirmed that these were the principal objections of the agency to the program outlined in the OCB Staff Study. (Department of State, OCB Files: Lot 61 D 385, Singapore and Malaya, General)

[4] There is no record of a telegram to Streibert on the matter, but according to a letter from Kenneth Young to Consul General Elbridge Durbrow at Singapore, December 19, Hoover successfully pressed the arguments advanced by the Bureau of Far Eastern Affairs when the Operations Coordinating Board took up the issue on December 14. (*Ibid.*, SEA Files: Lot 58 D 726, 350 OCB Paper and Plans)

448. Staff Study Prepared by an Interdepartmental Committee for the Operations Coordinating Board [1]

Washington, December 14, 1955.

SUMMARY ON THE COMMUNIST THREAT TO AMERICAN INTERESTS IN SINGAPORE AND MALAYA AND POSSIBLE COUNTERMEASURES

Problem:

What can and should the U.S. do to counter communist subversion in Malaya?

Discussion:

Recent months have increasingly brought to light the dangerous inroads which communist subversion has made in Malaya, particularly Singapore. If Singapore or the Federation of Malaya should come under communist control, the consequences for the U.S. and its allies would be grave. Thus far, the British, who control Malaya, have given no indication of having developed a comprehensive plan to counter communist subversive efforts in Malaya.

Possible Courses of Action (in summary):

A. Persuade the British to undertake a plan of action and offer to make suggestions and to consider sympathetically their requests for assistance.

B. Complete preparation of detailed suggestions for the British.

C. Offer detailed suggestions to the British on the working level.

D. Attempt to obtain assistance from the American labor movement.

E. Increase our exchange-of-persons program.

F. Be ready to consider proposals for projects under the Asian Economic Development Fund. (See *note* para. F, page 8 [2])

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[1] Source: Department of State, OCB Files: Lot 61 D 385, Singapore and Malaya, Documents. Secret. The interdepartmental committee included representatives of the Department of State, the Department of Defense, the Central Intelligence Agency, the U.S. Information Agency, and the International Cooperation Administration. The study was considered by the Operations Coordinating Board at its regular meeting on December 14. A background note, prepared for the users of the study, pointed out that a working group on NSC 5405 and NSC 5503 was drafting possible courses of action with regard to the overseas Chinese in Singapore and Malaya which might be brought to the attention of British officials if they proved responsive to the more general approach outlined in the study. For information on NSC 5405, see Document 441. For text of NSC 5503, "U.S. Policy toward Formosa and the Government of the Republic of China", January 15, 1955, see vol. II, p. 30.

[2] Reference is to paragraph F in Section VII, below.

G. Urge officials of the University of Malaya to devise a program of development to which U.S. public and private assistance could be given.

H. Continue the USIS program in Malaya at least at its present level.

I. See that other Asian governments are aware of communist subversion in Malaya.

J. Stimulate direct Malayan-Philippine contact.

K. Support the British if they seek more vigorous Thai antiterrorist cooperation.

L. Enlist the support of Australia in persuading the British to take action.

Note: All of the above courses of action, as set forth in detail in the paper, have the tentative concurrence of State, ICA, Defense, ... All have the tentative concurrence of USIA except A and H; USIA has not agreed to . . . any expansion of its own program in Malaya as may be implied in course of action H.

Recommended Action:

1. That the Board approve courses of action B through G and I through L.

2. That the Board resolve the differences with respect to courses of action A and H.[3]

THE COMMUNIST THREAT TO AMERICAN INTEREST IN SINGAPORE AND MALAYA AND POSSIBLE COUNTERMEASURES

I. Introduction

Despite the fact that after more than seven years British forces are still engaged in a military campaign, only partially successful, against communist guerrillas in the jungles of Malaya, important steps were taken this year in both Singapore and the Federation of Malaya as part of a general program of transition from British rule to self-government for both areas. Each area now has a legislature with a majority chosen by popular election and is governed by an executive cabinet in which elected members participate. The British, however, continue to retain control over foreign affairs, defense, internal security, and currency and foreign exchange.

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[3] A covering memorandum by the OCB Secretariat Staff, January 5, 1956, indicates that the Board approved the first recommendation.

II. Assumptions

A. Aims of the Malayan Nationalists

The primary political aim of the Malayan nationalist forces in control of the now partially autonomous governments in Singapore and the Federation is to obtain additional autonomy at the earliest possible date and independence in the near future. Their ability to remain in office depends in large part on how successfully they achieve this objective. The UK Government, being aware of this, will hope that whatever further concessions it makes to nationalist aspirations will be sufficient to maintain non-communist cabinets in office.

B. British Plans for Transfer of Sovereignty

The British will be prepared to make further grants of self-rule provided they believe it can be done in a manner which will ensure a relatively smooth transfer of authority and at the same time will protect essential British interests in Malaya. Whether or not full independence is granted by 1959 or 1960, as has been demanded by some Malayan leaders, will depend to a large degree on the UK estimate of communist strength in Malaya and on the extent of communist expansion in neighboring countries. It is improbable that Singapore will achieve self-government by 1960.

C. The Political Outlook

The next several years will be turbulent ones since the present Malayan leaders, while lacking experience in government, are confronted both with discouragingly complex problems and with communist determination to discredit moderate democratic rule.

D. The Influence of Communism

The political future of both Singapore and the Federation will be significantly influenced by communist activity. In Singapore a communist-oriented political party, the People's Action Party (PAP), will continue its thus far successful efforts to keep the Marshall Government off balance and would stand a good chance of winning another election. Even if the communists cease active guerrilla operations in Malaya they will still present a serious problem to the British and the elected officials. Further communist expansion in the Far East and, in particular, enhanced prestige for Communist China, would strengthen the appeal communism already has for so many of the Chinese in Malaya.

E. Possible Revocation of the Constitution

In the event the PAP were to become a majority party in Singapore the UK would find it necessary to revoke the present constitution and limit local participation in government.

F. Strength of Communism in the Federation

Communists in the Federation, while presenting a continuing threat to effective, moderate, non-communist government, are not now in a position to present an electoral threat to the elected government nor greatly to thwart the normal functions of government. (This assumption would have to be re-examined in the event the terrorists accept the amnesty offer and are absorbed into the body politic.)

G. Opposition to Singapore's Labour Front Coalition

In Singapore the legislative program of the Labour Front, of which Chief Minister Marshall is the leader, is likely to be confronted with conservative opposition, on the ground that it is socialistic, and at the same time to be opposed by irresponsible and fanatic left-wing opposition.

H. Racial Friction

In the Federation, racial friction between Malays and Chinese is likely to emerge, despite current cooperation by the major political groups, if measures tending to equalize the position of the races are adopted. Such friction would probably take the form of Malay extremism. Should Chinese political aspirations remain largely unsatisfied, more Chinese will turn to communism.

I. Retention of British Controls

UK control of Malaya's foreign affairs and defense will continue for at least the next several years. The UK will wish eventually to retain military base rights in Malaya and will seek to ensure that Malaya remains within the Commonwealth after independence is achieved.

III. The American Interest in Malaya

The southernmost part of the Asian mainland, the Malay Peninsula, is in the very heart of Southeast Asia. With Singapore—one of the world's great ports and naval bases—at its tip, Malaya is one of the keys to the Indian Ocean and to the South China Sea. Linked to SEATO through the UK, its strategic importance is emphasized by its closeness to other key cities in Southeast Asia and the Pacific. Bangkok, Djakarta, Saigon, Rangoon, and Hong Kong are within four

hours or less of Singapore, as the jet bomber flies. Darwin and Calcutta are only an hour or so farther away.

The Japanese used Malaya as a steppingstone when they invaded the East Indies. It could be used so again by an aggressor should its defense be neglected by the Free World.

Control of the Indian Ocean and the South China Sea to a large extent spells control of the vital resources of all Southeast Asia. And the Southeast Asian area produces some 90 percent of the world's natural rubber and about two-thirds of its tin. It also has the largest oil reserves in the Far East–Pacific region.

Malaya's economic importance lies primarily but not exclusively in its rubber and tin. In 1954 Malaya produced 32.4 percent of the world's natural rubber, 35 percent of its tin. But Malaya also produces iron ore, palm oil, coconut oil, copra, and some coal and gold. Recently sizeable bauxite deposits have been found.

The Free World's need for rubber is not likely to be met from synthetic resources in the foreseeable future. In fact, the demand for natural rubber will probably increase during the next few years. As for tin, there is no synthetic substitute, and no other area of the world is Malaya's equal as a source.

While it is true that the allied forces won World War II without the resources of Southeast Asia, it is nevertheless true that the accretion to the communist bloc of the rubber, tin, and oil of this area would enormously increase their war potential.

The US shares the interest of the Free World generally in denying the resources of Malaya to the communists and in assuring the availability of those resources to the Free World through Malaya's orderly transition from the status of a British colony to that of independent self-rule by a government or governments friendly to the US and the Free World.

IV. The Present Threat

Much publicity has been given during the past seven years to the communist guerrilla warfare in Malaya and to the military campaign which the British and Malayan forces have carried on against the terrorists. While guerrilla action continues to be a threat to the stability of Malaya, it is clear that the guerrillas, unless assisted by a large-scale invasion force from outside, are not capable of overthrowing the constituted authorities.

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Perhaps because so much attention has been centered on the anti-guerrilla military action, authorities in Malaya have become

aware only in the past several months of the alarming inroads which communist subversion has made in the schools, trade unions, press, and political parties of Singapore and, to a lesser extent, the Federation of Malaya. As a result, the British have suddenly found themselves confronted with wide-scale subversion without having yet developed a comprehensive plan of action against what is in many ways a far more formidable adversary than the armed guerrillas.

The targets of subversion in Singapore and the Federation have remarkable similarity, but the degree of penetration has varied. In both areas, communist success has been achieved in the Chinese middle schools. The problem in Singapore centers in two of these schools, where 8,000 out of a total Chinese middle school population of 10,000 are located. Seventy or eighty students, many of them over-age, function as ringleaders in the subversive activities of these schools.

In the Federation the schools, even though they represent the area of greatest communist success, are not as deeply infiltrated, nor is the situation as obviously dangerous as in the Crown Colony. For the moment, Penang schools seem to be most seriously affected, with the Kuala Lumpur schools next on the sick list; in neither case is the *present* danger comparable to that in Singapore. It is probable that students in the Federation are trying to organize a network of subversion throughout the main cities of the country but are meeting with some difficulty because of the more elaborate and effective police controls.

Similarities in the Singapore–Federation subversion pattern end with the Chinese middle schools. In respect to trade union and political party infiltration, there is very little evident similarity between the two areas. In the Federation the trade unions are still controlled by moderate reasoned forces. Individual instances of infiltration have come to light, and there is even a small break-away group which is trying to form a rival union in opposition to the Malayan Trade Union Council (MTUC), but for the moment at least this group has only meager backing. The fortunate fact in the Federation is that subversion at present is of minor scope in both the MTUC and the National Union of Plantation Workers (NUPW), a union which forms the main strength of the MTUC.

Unfortunately, Singapore trade unions present a picture which is considerably darker. It is true that a non-communist federated body similar to the MTUC exists in the form of the Singapore Trades Union Congress (STUC) but its strength is not as great as its Federation counterpart, and the communist opposition it must face is considerably more formidable than anything in Kuala Lumpur. Although the STUC claims 65,000 members, it has roughly only 15,000 actual dues-paying members. The weakness of this group, moreover, must

be balanced against the increasing strength of another group of unions which are affiliated with the People's Action Party (PAP). These latter unions have more than 20,000 members.

Apart from sheer numbers, the trade union danger lies in three factors: firstly, the quality of leadership which in the case of the PAP unions is dynamic, tough, and aggressive, in contrast to the general apathy and inertia of Singapore TUC leadership; secondly, the startling rate of growth of the PAP unions; and thirdly, the increasing control which the PAP unions are exercising over vital sectors of the economy. Many industrial workers of the Colony as well as many transportation, naval base, and public utility workers are now under the control of this leftist organization.

The PAP has not always been successful in its labor tactics. Unpopular excesses were committed at the time of the May 1955 riots for which the political party has been blamed; and an economic error seems to have been committed in saddling the Firestone plant with a strike which lasted several months without tangible benefit to the workers. Despite these slips, the PAP unions have grown in strength compared to the TUC unions. The one point of contact between the two rival groups is in their eager seeking to attract the large masses of workers still unorganized—a task at which the PAP seems to be singularly more adept than its rival.

Perhaps the greatest difference in the Singapore–Federation subversion picture lies in the politics of each area. The PAP controls the allegiance of the leftist-minded Singapore voter, whereas no similar vehicle for leftist expression exists in the Federation with the exception of the Labour Party of Malaya (LPM), a group of badly organized and muddle-headed individuals with little apparent popular support. The LPM is also a non-communal group, getting its support mainly from Indians and Chinese, whereas the PAP obtains the bulk of its support from the Singapore Chinese. The LPM has potentialities for turning into a PAP-type organization, but a great deal of organizational talent and money would have to be poured into the Federation to make the situations at all comparable. For the moment, then, the political danger is primarily in Singapore.

In both the Federation and Singapore, the battle against subversion is being waged in very much the same way as the battle against communist terrorism in the jungle—i.e., with arms and police power. In both areas there is an emphasis on punishment, threats, and force, all calculated to contain subversion within its present boundaries and prevent its future expansion. It may be argued, however, that these tactics are merely causing communism to be more cautious as it advances, while in no way impeding its prospects or diminishing its attractiveness to large masses of Chinese. Even if the British should find it necessary, in the case of Singapore, to revoke the Rendel con-

stitution [4] and institute martial control, it is entirely possible that the communists could still so disrupt public order as to render Singapore a liability to the Free World.

As a key to other possible more effective methods, the schools, trade unions, and political parties of the Federation broadly can be considered in the first stages of subversion, whereas in Singapore the development of subversion in these fields is considerably more mature.

V. Interest of Other Countries in Malayan Developments

Developments in Malaya are being watched with great interest and concern by a number of other countries.

The SEATO powers are all conscious of Singapore's and Malaya's direct relation to regional military and political considerations. The Thai, particularly, are acutely conscious of growing communist influence on all sides of them. . . . The Filipinos have indicated a growing interest in events in Malaya.

Indonesia has a special interest in Malaya because of the racial and linguistic ties between the Indonesians and the Malays. Growing communist power in Singapore, which is largely a Chinese city, is noted with anxiety in Djakarta. Official visits to Indonesia have already been made by the elected Chief Ministers of both Singapore and the Federation.

India has representatives in Malaya who have made clear to our representatives their concern over the inroads made by communist subversion.

VII. Conclusions

A. The subversive threat to Malaya is both urgent and grave.

B. If Singapore should fall into communist control, we should find it exceedingly difficult to persuade Thailand to continue her role as the principal US ally on mainland Southeast Asia.

C. One of the explicit purposes of SEATO is to counter communist subversion in Southeast Asia. If SEACDT were invoked and failed to stop subversion in Singapore, the result would be a serious and visibly adverse impact on SEATO as an effective deterrent to communist expansion.

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[4] In February 1954, a commission chaired by Sir George Rendel recommended constitutional changes for the colony of Singapore, including, inter alia, the establishment of a popularly-elected Legislative Assembly. The recommendations were accepted by the Colonial Secretary and the first election under the new constitution was held in April 1955.

D. If Singapore were to fall to communist control the power of the West to influence events in Burma, Thailand, Indonesia, Laos, Cambodia, and Vietnam would be greatly reduced. Indeed, the US position throughout the Far East would be profoundly altered to the detriment of our interests.

E. There is still time for remedial measures in Singapore even though the communists have had greater success in their subversive efforts in the Colony than they have had in the Federation. Long-range remedial plans must be developed to supplement present reliance on police power. The stakes are sufficiently great to justify a strenuous attempt to reduce the inroads made by communism and, conversely, to build up anti-communist strength.

F. It is in the interest of the United States to attempt to stimulate the British authorities to develop a thorough, positive, and comprehensive plan of action to counter subversion in Malaya.

G. Where it is clear that the British and the Malayans lack the resources, facilities, or abilities successfully to oppose communist efforts, the US should give the most sympathetic consideration to their requests for assistance, although we must always be mindful of the danger of appearing to support "colonialism".

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VII. Recommended Courses of Action

A. Approach the British at a high level in an effort to persuade them to undertake a comprehensive counter-subversive program in Malaya. The first opportunity for such an approach would appear to be for the Secretary of State to talk either to Foreign Minister Macmillan at the NATO Council meeting scheduled for December 15 in Paris or to Prime Minister Eden during his anticipated visit to the US.[5] (A draft "talking paper" for the Secretary's use is attached as an appendix.[6])

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Action: State.

B. Complete preparation of detailed suggestions [7] to be used as a basis for working-level discussions with the British after the initial approach by the Secretary described above.

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[5] The Secretary waited until the Eden–Lloyd visit to raise the issue with Foreign Secretary Lloyd on January 31. For a report of their discussion, see Document 451.

[6] Not printed.

[7] See CA–5294, *infra*.

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Action: State, ICA, USIA, Defense, . . . (joint working group already working on this problem).

C. As soon as the British have indicated an interest in receiving our detailed suggestions, provide them on a working level in Washington, London, and Singapore with specific detailed suggestions. If no British response is forthcoming after the original high-level approach, the US should take the initiative in further approaches.

Action: State, supported by ICA, USIA . . . .

D. Urge American labor organizations to continue to encourage the ICFTU to strengthen its office in Singapore and to provide assistance to the STUC.

Action: State.

E. Increase our exchange-of-persons program in Malaya.

Action: State.

F. Stand ready to consider financing, from the Asian Economic Development Fund, projects proposed by the Federation and Singapore which are of a regional nature.

(*Note:* It was recognized, however, that the usefulness of technical or economic assistance to Singapore or the Federation is dubious unless such assistance is extended under conditions which minimize to the greatest possible degree the possibility that the US would be accused of supporting British colonialism and unless in concert with other action providing reasonably secure conditions and the time needed for projects to have an effect. Also in view of Malaya's favorable balance of trade, it appears that such assistance would have to be justified on other than economic grounds.)

Action: State/ICA.

G. Through the Consulate General in Singapore continue to urge the officials of the University of Malaya and the Singapore Polytechnic into prompt presentation of a request for technical assistance within the context of US conversations with Sir Sydney Caine last summer and in accordance with informal conversations between the British and US delegations to the Colombo Conference in Singapore in October 1955.

Action: State/ICA.

H. Continue our present USIS program in Malaya at least at its present level and reorient it as USIA may consider appropriate to counter particular communist successes.

Action: USIA.

(*Note:* State, ICA, Defense and . . . concur in this recommendation. USIA withholds its concurrence from recommended action "H" and proposes the following wording as an alternative: Continue our present USIS program in Malaya.)

I. Through normal diplomatic channels seek to make certain that leaders of free Asian governments are apprised of the gravity of communist subversion in Malaya.

Action: State.

J. Stimulate further direct contact and exchange of views between Malayan and Philippine officials on such questions as combatting communist subversion and terrorism, encouragement of non-communist labor unions, and the establishment of a sound public school system in a multi-lingual society.

Action: State.

K. Support the British in their anticipated approach to the Thai Government for more vigorous joint Thai-British action against the communist terrorists in the Thai-Malayan border area.

Action: State, ...

L. Seek to persuade the Australian Government to approach the UK separately in support of our view that prompt counter-subversive action is required in Singapore and Malaya.

Action: State, ...

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449. Circular Instruction From the Department of State to Certain Diplomatic Missions and Consular Offices [1]

CA–5294 *Washington, January 14, 1956.*

SUBJECT

Detailed Suggestions of Possible British Action to Counter Subversion in Malaya

As the action posts are aware, the problem of communist subversion in Singapore and Malaya may be raised during the bilateral discussions with the British on the occasion of Prime Minister Eden's

[1] Source: Department of State, Central Files. 797.00/1–1456. Secret. Drafted by Smith and cleared in draft with BNA, ICA, USIA, and the Department of Defense. Initialed for Dulles by Robertson. Sent to London, Singapore, and Kuala Lumpur and repeated to Canberra, Wellington, Bangkok, Manila, New Delhi, Saigon, Hong Kong, and Penang.

visit to Washington at the end of January.[2] If so, it is anticipated our approach will follow the lines set forth in the annex to the December 5 draft OCB paper on possible courses of action to counter communist subversion in Malaya,[3] copies of which were pouched to the action posts at the time.

It will be recalled, however, that the OCB paper also recommended that we present to the appropriate U.K. authorities on the operating level detailed suggestions as to possible additional courses of action which we think they might well undertake. An interagency working group has now completed a detailed list of suggestions, and a copy is transmitted herewith.

For the time being, the enclosed paper is for your own information only. Since the Department cannot anticipate with certainty what the British reaction will be to our initial approach during the Eden talks, instructions as to how you should use the enclosed document will probably not reach you until after the talks have taken place.

It is the Department's hope, however, that instructions can then be issued to you to use the enclosed list as a basis for discussion with those British officials with whom you have close and cordial contact and in whom in your judgment we would be most likely to produce a favorable response. A simultaneous approach would in all probability be made to the British Embassy here.

The Department is fully aware that we run the risks of appearing merely to intrude into matters which are of deep concern to the British, of appearing to presume to tell them how to run their own affairs, and thereby of generating an attitude hostile to our suggestions. The Department will therefore rely upon your careful tact and judgment, once you have received authorization to approach your British colleagues, to the end that we can in fact stimulate the British to take ameliorative action in this situation, which we regard as both grave and urgent. You should bear in mind that we are more interested in stimulating the British to develop and undertake a comprehensive and positive program than we are in seeing these particular suggestions followed.

We envisage that you will receive instructions to approach the British informally, making clear, however, that you are acting on instruction. You will probably be authorized to leave with your contact a copy of the enclosed paper if you should believe it would serve a useful purpose to do so. The Department will plan to leave to your sound discretion the degree of informality of your approach, the de-

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[2] See Document 451.

[3] No copy of this paper, an earlier draft of the OCB Staff Study, *supra*, has been found in Department of State files.

cision as to which official or officials you approach, and the extent of whatever remarks you deem advisable in order to make clear that our interest stems from concern over the threat to our common interests in Southeast Asia, from an appreciation of the British contribution to the interests of the Free World in that area, and from a genuine desire to offer constructive suggestions.

. . . . . .

Dulles

[Enclosure]

LIST OF SUGGESTIONS

In reviewing the information available to the United States Government with regard to the threat of communist subversion in Singapore and the Federation of Malaya, a U.S. inter-agency working group has set forth a number of possible courses of action which the group thinks might well be considered by the appropriate authorities as suggested means of countering the advance of subversion.

The United States does not, of course, have detailed knowledge of such anti-subversion programs as may have already been undertaken by the United Kingdom, Singapore, and Malayan authorities. Undoubtedly, therefore, a number of the courses suggested below have already been undertaken in one form or another by those authorities while others may well have been considered and found impracticable. They are nevertheless set forth here in the hope that they may be of some assistance in suggesting possible additional lines of action.

A. Labor

I. *Immediate*

a. Require a more careful investigation of the bona fides of new unions before granting registration. Registration regulations should be tightened to prevent unrepresentative minority elements from seizing control of existing free unions.

b. Require all unions to re-register annually.

c. Persuade the British TUC to urge ICFTU support of the Singapore Trade Union Congress and other free unions.

d. Urge expansion of the ICFTU office in Singapore.

e. Encourage employers to grant concessions to non-communist unions and to resist recognizing communist-line unions.

f. Explore the possibilities of creating anti-communist strength by channeling private business and government procurement contracts to companies favoring and cooperating with anti-communist labor unions.

II. *Long-range*

a. Enact basic labor legislation, to include a minimum wage law and protection for workers engaged in legitimate organizing activities.

b. Urge employers voluntarily to improve working conditions.

c. Persuade non-communist Asian labor leaders elsewhere (for example, ICFTU Calcutta) to condemn communist exploitation of the Singapore labor movement.

d. Encourage visits to Singapore and the Federation by confirmed anti-communist labor leaders from other countries, particularly Asian.

B. Educational Institutions

I. *Immediate*

a. Substantially increase facilities for higher education for the Chinese, with major emphasis on the technical fields and with adequate provision for the study of Chinese culture.

1. Develop a comprehensive plan for expansion of the University of Malaya and the Singapore Polytechnic. (Extend University facilities and plant to the Federation; add an engineering school, a language institute, a school of Chinese studies, and courses in political science and labor relations.)

2. Develop plans for the Singapore Polytechnic in order to convert the institution into one having appeal to Chinese who seek advanced training. Make special provision for supplementary English language training, explaining it as being made available only to provide the tool needed for the acquisition of technical knowledge.

b. Bring experienced anti-communist Chinese teachers and materials from Hong Kong or elsewhere.

c. Endeavor as a matter of high priority to obtain Commonwealth joint financial support for a sizeable grant to the Kuala Lumpur Technical Training Institute, raising it to college level.

d. Arrest and detain known communist student leaders even though such action involves risks—risks which, however, increase rather than decrease as time passes.

e. Pass local legislation establishing non-substantive regulations applicable to the entire school system with regard to the maximum number of students in schools, classes, etc. (Use selectively to break up the large communist-infested schools.)

f. Seek means to control the curricula, the content and selection of text books, and the selection of teachers throughout the entire school system.

g. In addition to those from British universities, recognize degrees from reputable institutions of higher learning in other countries.

h. Encourage visits by athletic teams and coaches from other Free World countries.

II. *Long-range*

a. Encourage an exchange-of-persons program with other non-communist Asian countries.

b. Urge and assist the Singapore and Federation Governments to devote a maximum of their resources to the expansion of free public primary and secondary schools, stressing the Malayanization theme but making provision for the study of Chinese language and culture.

c. Expand and improve the teacher-training program.

d. With a view to furthering the program of Malayanization, establish official standards, as nearly uniform as possible, for all teachers and for all schools from the primary through the university level.

e. Expand the vocational training facilities.

C. Press

I. *Immediate*

a. Seek means of bringing into being pro-Free World vernacular newspapers.

. . . . . .

c. Encourage the circulation of non-communist Chinese literature.

d. Publicize Diem [4] and other successful anti-communist Asian leaders.

e. Through government administrative controls cut off supplies of newsprint to anti-Free World newspapers.

f. Through existing Singapore and Federation Government agencies institute legal proceedings against communist-oriented Chinese papers on whatever grounds may be available: e.g., building safety regulations.

g. Create special administrative procedures applicable to the publication of any newspaper or periodical. Possible examples are special requirements for registration, bonding, health regulations, etc., the object being to create opportunities for taking non-political action having political objectives.

II. *Long-range.* Bring pressure to bear on the more important advertisers to favor anti-communist periodicals. —

[4] Ngo Dinh Diem, President of the Republic of Vietnam.

D. Propaganda

It is believed that an effective anti-communist effort in Singapore and the Federation should provide for a program of propaganda in addition to, and paralleling, the various types of activity enumerated above. This program should be directed primarily toward youth, teachers and labor leaders and be carried on by Malayan and visiting Asian leaders. It should utilize publications, radio and films to reach the target groups and its content should be two-fold:

I. *Negative propaganda,* stressing the evils of communism and ways in which it would adversely affect established creeds, customs, traditions and ways of life.

II. *Positive propaganda,* to strengthen loyalty to the existing governments, to increase appreciation of the rights, freedoms and cultures the people now enjoy, and to develop confidence in the physical and spiritual strength of the Free World.

E. General

I. *Immediate*

a. Use the present legal security powers as firmly as possible in detaining, imprisoning, and deporting communists and suspected communists.

b. Afford complete police protection to anti-communists.

c. Acquaint other Asian governments, particularly Commonwealth members, with the gravity of the situation.

d. Seek means to enlist the aid of Commonwealth political party organizers who are experts on communist tactics to work with anti-communist political parties in Singapore and the Federation.

e. Establish a copyright law under which publications from all countries outside Malaya would require approval or registration before being admitted in internal circulation. (To be used selectively to exclude the principal mainland Chinese publications and other pro-communist material.)

II. *Long-range*

a. Give as much behind-the-scenes support as possible to the Marshall and Rahman governments.

b. Increase the proportion of civil service jobs open to Chinese.

c. Bring pressure to bear on wealthy Chinese business interests which are supporting the pro-communists.

d. Include Malayans on British delegations to international conferences which affect Malaya.

e. Provide guarantees which will attract more foreign private capital.

f. In consultation with the elected Malayan officials, seek to accelerate the economic development of Singapore and the Federation.

450. Memorandum From the Secretary of State's Special Assistant for Intelligence (Armstrong) to the Secretary of State [1]

Washington, February 7, 1956.

SUBJECT

NIE 64–56: The Political Outlook in Malaya Through 1960 [2]

On January 24, 1956, the Intelligence Advisory Committee approved an estimate of the political outlook in Malaya through 1960. The principal conclusions of this estimate were:

1. Progress toward self-government is complicated in Singapore by a serious Communist problem within the dominant Chinese community and in the Federation both by Communist activities including guerrilla warfare and by the divergent interests of the Chinese and Malays.

2. The British apparently intend to provide increasing autonomy to both the Federation and Singapore, hoping thereby to prevent the capture of the nationalist movement by the Communists, and to preserve the important UK and Commonwealth economic and strategic interests in Malaya. If these interests are seriously threatened by extremist forces, the UK will make every effort to preserve its position.

3. In the Federation, for at least the next year or two, the prospects appear good for continued rule by the moderate multi-racial Alliance Party. Although Communist armed strength has recently declined, the Communists are now emphasizing peaceful penetration and it is likely that overall Communist influence will gradually increase. Assuming a continuation of moderate responsible domestic leadership and no substantial Communist expansion in Southeast Asia, the Federation probably will be granted some form of independence within the Commonwealth by 1960.

4. In Singapore, where the new Labour Front government of Chief Minister Marshall is attempting to steer an orderly path towards independence, the Communist subversive threat has become serious. The Communists and associated extremist elements will almost certainly make further gains and harass any moderate government as they expand their mass base of Communist-influenced student, labor and political organizations. Although Marshall may resign or be forced out of office at any time, non-Communist elements probably will continue to control the Singapore government for the next year or two. Even if the political position of the moderate forces were strengthened, the British probably would not consider the situation sufficiently stable to grant independence by 1960. Moreover if present trends continue, extremist elements will increase significantly and will eventually attempt to take over the local government by political maneuvers or violent action.

This estimate will not be released to any foreign government.

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[1] Source: Department of State, Central Files, 611.97/2–756. Secret.

[2] Dated January 24, not printed. (*Ibid.*, INR–NIE Files)

A similar memorandum has been addressed to the Under Secretary.

PA

451. Telegram From the Department of State to the Embassy in the United Kingdom [1]

Washington, February 8, 1956—3:43 p.m.

4439. Question communist subversion Singapore/Federation raised with Foreign Minister Lloyd by Secretary last week.[2] Consensus was both areas very important from military political points view in SEA and Singapore situation of great concern.

Lloyd briefly described different political situations two areas, noting developments more favorable in Federation. Said UK policy is encourage Malayans take on more responsibility so long as defense reserved to UK, noted London talks going well.[3]

Lloyd commented difficult problem loyalty Singapore Chinese, added if worse became worst Marshall apparently plans propose direct UK rule.

UK believes leaders both areas tend look New Delhi for guidance future international alignment. Lloyd remarked real problem will result if Nehru throws weight to encompass Malaya in neutralist bloc.

FYI. Department plans further exploratory talks British Embassy near future. You should await further instructions before proceeding CA–5294.[4]

Dulles

[1] Source: Department of State, Central Files, 797.00/2–856. Secret. Drafted by Smith and initialed by Sebald. Also sent to Singapore and Kuala Lumpur and pouched to Penang.

[2] Reference is to the Eden–Lloyd visit to Washington, January 31–February 1.

[3] Regarding these talks relating to Malayan independence, see *infra*.

[4] Document 449.

452. Editorial Note

On February 8, representatives of the Federation of Malaya signed an agreement in London with officials of the Colonial Office

which established the prospective date for Malayan independence as August 31, 1957. By the terms of the agreement, the elected officials of the Federation assumed responsibility for internal security, finance, commerce, and industry, and a constitutional commission was established to facilitate the transition to independence. On February 16, the Department of State released a statement expressing the "great satisfaction" with which the United States viewed the agreement providing for early independence for the Federation of Malaya. (Department of State *Bulletin*, February 27, 1956, page 347)

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453. Memorandum of a Conversation, Department of State, Washington, February 14, 1956 [1]

SUBJECT

Communist Subversion in Singapore and the Federation of Malaya

PARTICIPANTS

Sir Hubert Graves, Minister, British Embassy
Mr. Archibald Campbell, Colonial Attaché, British Embassy
Mr. Kenneth T. Young, Jr., PSA
Mr. Eric Kocher, PSA
Mr. Rufus Z. Smith, PSA

Representatives from the British Embassy called at the Department's invitation to discuss in somewhat more detail the problem of Communist subversion in Singapore and the Federation of Malaya, which was raised during the recent talks between the Secretary and British Foreign Secretary Lloyd.[2]

The conversation was begun with a reference to the Secretary's mention of our concern over the problem of subversion in those areas, and it was explained that the Department had thought it might be helpful to the British Embassy to be informed of the general factors which had given rise to our concern. It was emphasized that we were deeply appreciative of the complex nature of the problems confronting the British authorities in Singapore and the Federation. Moreover, our full awareness that developments in those areas are a British responsibility made us diffident and reluctant even to raise the matter informally. We strongly felt a general inhibition to discuss problems which are so clearly a British responsibility and wanted to make it perfectly clear that our raising the question stemmed only

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[1] Source: Department of State, Central Files, 746F.001/2–1456. Secret. Drafted by Smith.

[2] See Document 451.

from the hope that it might be helpful to the British to have a frank explanation of our thinking on the matter.

It was explained that the Department had been receiving an increasing number of inquiries from American businessmen, newspaper reporters, and Congressmen, many of whom had visited the area, indicating their deep concern over signs of extensive Communist subversion in the schools, particularly the Chinese Middle Schools, the labor unions, certain political parties, and other social institutions of Singapore. Our own information from that area has corroborated these reports of the disturbing advances made by the Communists. While we know that the British authorities generally share our concern, it is difficult for us to reply to questions as to what counter measures are being taken.

The example was given of a recent inquiry from a high official of an important American industrial concern, who said that his firm had been considering making new large investments in Singapore but was deterred by the disturbing accounts of Communist control, or near-control, of the schools and labor unions in Singapore.

With regard to the labor situation in Singapore we had had, in addition to the reports of our own representatives, the benefit of the views of George Weaver, a CIO official who had spent some time in Singapore last year studying the problems faced by non-Communist labor organizations there. In every case the reports that had come to us emphasized the gravity of the situation.

We realized that one of the principal difficulties was the appeal which the increased power and prestige of Communist China has for the racial and cultural pride of the Overseas Chinese and that this is an especially important factor in the case of Singapore, which is basically a Chinese city.

In view of the fact that we understood the British authorities were also disturbed over these same problems, it was the Department's hope that the authorities in Malaya were planning to undertake a comprehensive counter-subversion program. We wanted to say as well that if it could be done without complicating the problem for the British, our representatives in Malaya and in London, as well as in the Department, would be willing at any time to sit down with their British colleagues and exchange views.

In response to a question from Sir Hubert it was explained that when we spoke of a comprehensive program we had in mind a broad program of countering Communist efforts by any means which might be available rather than just a propaganda program. The example was given of our conversations last summer with Sir Sydney Caine of the University of Malaya when we had expressed the hope that the University's role might be considerably strengthened and broadened to provide, among other things, a means of satisfying at

least in part the demand for facilities for higher education for the Chinese.

. . . . . .

In addition to inquiries and reports from our own people, it was pointed out, we had noted a significant increase in the degree of interest and concern felt by other countries with regard to developments in Singapore. For example, inquiries had reached us from Thailand, the Philippines, Indonesia, and India. The Indonesians appeared to us to be particularly disturbed over the trend of events in Singapore.

At the close of the conversation the British representatives were told that we heartily shared their satisfaction over the outcome of the recent negotiations in London with regard to the program for transition to self-government for the Federation of Malaya. In this connection, they were given advance copies of a release which the Department expected to give to the press.[3] It was explained that the statement had been drafted in Kuala Lumpur in response to urgings from the press that the U.S. make a formal statement of its attitude toward the recent self-government talks. The statement, it was noted, had been cleared with the Foreign Office and the Colonial Office in London and was to be released in Washington later in the week.[4]

[3] See *supra*.

[4] The substance of this conversation was sent to London in telegram 4634, February 16, with instructions to the Embassy to delay initiating talks with the British Government in the hope that the British would broach the issue themselves. In the event of a British approach, the Embassy was authorized to proceed along the lines laid out in CA–5294, Document 449, with minor modifications outlined in telegram 4633 to London, February 16. (Department of State, Central Files, 797.00/2–1656)

454. Memorandum From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, February 17, 1956.

SUBJECT

Political Situation in Singapore

[1] Source: Department of State, Central Files, 746F.00/2–1756. Secret. Also addressed to Sebald.

Discussion:

In accordance with FE's approval of February 2, I took up on February 14 the question of subversion in Singapore and Malaya with Sir Hubert Graves and Mr. Campbell, Colonial Attaché, of the British Embassy here. I outlined the background and reasons for our concern over the alarming extent of subversion in Singapore. I did not go into any U.S. suggestions on how the British should deal with this threat.

The British reaction was friendly, interested, but reserved. I made it clear we all felt inhibited about raising this question and did not wish to appear presumptuous or to be interfering in British affairs. I did stress our concern over the effect on the free world position in Asia if a real crisis overwhelmed Singapore and Malaya. In the light of this concern I said the U.S. Government would always stand ready to discuss with the U.K. any suggestions that the U.S. or U.K. might have for developing a vigorous, comprehensive counter-subversion program. We did not go into details with the British although they did question us as to what specific ideas we might have. We left the next move up to them. A memorandum of conversation is being prepared.[2]

We in PSA are greatly relieved that we have finally made this approach to the British, but we are troubled by a discouraging sense that it all may be too late. My personal opinion is that Singapore is probably already lost and little can be done to save it from Communist domination in the near future. If this should occur the effect will, of course, be explosive in Malaya and all over Southeast Asia. I do not wish to be an alarmist but I think we had better face up to realities before we are confronted with even more bitter alternatives.

In addition to the full accounts we have had from the field regarding the gravity of the situation, we have just received a despatch from Durbrow in Singapore describing a significant new development: the British have approached us informally to ascertain what our reaction would be if they were to revoke the Constitution in Singapore and return to direct rule.[3] Sir Hubert put the same question to me.

We hope that if it comes to this the British will be able to pull it off. However, there might be critical consequences if a division or two of British and Commonwealth troops try to hold Singapore in a showdown when the bulk of the Chinese community is hostile and Communist leadership resorts to violence to obtain its objectives. The key is the Chinese population.

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[2] *Supra.*

[3] Despatch 358 from Singapore, February 6. (Department of State, Central Files, 746F.00/2–656)

The reaction in Asia would be violent, and political costs would be great. On the other hand, a showdown of force in Singapore might result in the disintegration of the effectiveness of the Communist movement.

While the outlook is bleak, there are several courses of action we think should be taken to prevent, or at least to delay, complete Communist subversion of Singapore and to minimize the adverse effects which would result if a Communist take-over should in fact occur.

I believe we should, through Durbrow, make a preliminary reply to the British. In summary, we think Durbrow should reply to the British by saying that we would support them provided (1) all other feasible alternatives were exhausted; (2) they give immediate attention to developing a vigorous comprehensive program of countersubversion to be undertaken and continued whether or not they revoke the Constitution; and (3) they enlist the support of friendly Asian nations in order to minimize the adverse psychological effects which a return to British rule would have throughout Asia.

Recommendation:

Attached for your approval is a memorandum to the Secretary briefly outlining the problem and transmitting to him a draft telegram to Durbrow in Singapore. I recommend that you approve the memorandum and the telegram for circulation for appropriate clearances and submission to the Secretary upon his return next week.[4]

[4] Initialed by Robertson, indicating his approval. The memorandum is not attached to the source text and there is no evidence in Department of State files that such a memorandum was sent to the Secretary. The Secretary did, however, approve the transmission of the draft telegram; see *infra*.

455. Telegram From the Department of State to the Consulate General at Singapore [1]

Washington, March 1, 1956—7:43 p.m.

1635. Your despatch 358.[2] Department realizes full significance this problem and sympathizes with real difficulties confronting British. In conversation February 14 (Department telegram 1541 to

[1] Source: Department of State, Central Files, 746F.00/3–156. Secret. Drafted by Young. Also sent to London and Kuala Lumpur.

[2] See footnote 3, *supra*.

Singapore 4634 London and 121 Kuala Lumpur [3]) UK Embassy officials informally asked us what would be reaction of US Government and public opinion to abrogation of Constitution and direct UK rule over Singapore.

Department's preliminary thinking is that US should endorse UK decision to revoke Constitution but only as last resort when situation had reached point where UK had concluded no other feasible alternative. At same time we strongly hope UK authorities share our view other possible preventive actions should be urgently and fully considered and tried out to extent possible to avoid such last resort. Substitution of direct rule by force and revocation of Constitution could have profoundly critical effects all over Asia unless adequate steps have been taken beforehand to prepare the way with interested Asian Governments. Department concurs in the assessment your despatch regarding this problem.

We believe UK should know that our final decision would be guided to considerable extent as you suggest by our conclusions on (1) degree to which reasonable, realistic and feasible alternative measures have been exhausted and (2) nature and scope of British countersubversive measures. Vigorous comprehensive countersubversion program is already urgently required and in our view would continue to be necessary whether or not Constitution revoked.

We would also be interested in being informed on British plans and expectations regarding Marshall or alternatives to him; British position to be taken Marshall talks April; extent to which British plan minimize anticipated adverse psychological effects other countries by prior consultation Rahman and leaders friendly nations, especially Asian; expected timing and manner of any Constitution abrogation (i.e. would People's Action Party be allowed come to power in elections before decision taken revoke Constitution or would British prohibit vote if appears likely pro-Communists would win?); and probable reaction to Constitution abrogation on part of Labor Front or other anti-Communist Government in power at time if British decision taken before new elections.

Department requests comments priority on conveying as soon as possible substance this message to Scott and other British authorities in Singapore and Kuala Lumpur.[4] Department would hope any such

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[3] See footnote 4, Document 453.

[4] In telegram 859 from Singapore, March 5, the Consulate General reported that the substance of the position outlined in telegram 1635 to Singapore had been conveyed to Commissioner-General Scott that day. (Department of State, Central Files, 746F.00/3–556) Telegram 865 from Singapore, March 6, reported that Sir Robert Black, Governor of Singapore, had also been informed of the U.S. position. (*Ibid.*, 746F.00/3–656)

conversations would provide opportunity obtain information on any British countersubversion program either planned or in operation.

Dulles

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456. Memorandum of a Conversation, Department of State, Washington, March 13, 1956 [1]

SUBJECT

Consultation on Anti-Subversive Measures in Singapore and the Federation of Malaya

PARTICIPANTS

Sir Hubert Graves, Minister, British Embassy
Mr. Archibald Campbell, Colonial Attaché, British Embassy
Mr. Eric Kocher, PSA
Mr. Rufus Z. Smith, PSA

Sir Hubert and Mr. Campbell called at the Department at their initiative, on instructions from London, to present the reaction of the U.K. Government to the suggestion which the Department had made on February 14 in a similar conversation.[2] Sir Hubert recalled that it had been suggested in the earlier conversation that the U.S. would be agreeable to the establishment of closer consultation between British and American representatives in London and Washington and, particularly, in Singapore and Kuala Lumpur with regard to possible further measures which might be taken to counter Communist subversion in Singapore and the Federation. Sir Hubert commented that the suggestion and U.S. anxiety over the political situation in Singapore had been duly reported to London and that he had been instructed to inform the Department along the following lines.

It was understood that Mr. Ringwalt of the Embassy in London, Consul General Durbrow in Singapore, and Consul General Wright in Kuala Lumpur have been informed by the appropriate British authorities of plans for taking them further into British confidence with regard to these matters. Sir Hubert explained that particularly in Singapore the situation is complex and delicate and that Mr. Durbrow would be asked to exercise the utmost discretion. Sir Hubert explained that there were two broad categories into which British counter-measures could be classed: anti-Communist measures and measures to be taken against anti-British elements. With regard to

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[1] Source: Department of State, Central Files, 746F.001/3–1356. Secret. Drafted by Smith on March 14.

[2] See Document 453.

anti-Communist measures the British felt that it was essential to have the general concurrence of the principal Asian elected official, Chief Minister Marshall, who had expressed his approval. It was anticipated that Mr. Marshall would be taken into British confidence concerning many anti-Communist plans. However, with regard to measures to be taken against anti-British activities, the U.K. Government did not believe Mr. Marshall should be informed. This separation of fields of activity would require an appreciation on the part of U.S. representatives of the delicacy involved in any discussion of anti-Communist activities with Mr. Marshall.

According to Sir Hubert, Mr. Broome, whose position Sir Hubert did not know, has been designated as the principal point of contact for liaison with Mr. Durbrow's office concerning these matters generally. Similarly, Mr. Durbrow had been asked to designate a member of his staff to maintain contact with Mr. Broome. . . .

Sir Hubert noted that comparable arrangements were being made in Kuala Lumpur, although he was not informed as to the name of the officer who would be the principal point of contact for Consul General Wright or his representative.

According to Sir Hubert, the British authorities in London plan to maintain continuing contact of a similar sort with Mr. Ringwalt of the Embassy staff.

The British representatives were informed of the Department's appreciation of the U.K. Government's helpful response to our suggestion, and hope was expressed that the liaison arrangements would prove of benefit to both governments.

There followed a more general discussion of the current political situation in Singapore and the Federation. Mr. Campbell remarked that recent public statements by Chief Minister Marshall, in particular a statement expressing doubt of the sincerity of British intentions with regard to self-government to Singapore, placed the U.K. in an awkward position and would make it very difficult for the U.K. to grant to Marshall the same concessions which had already been made to the elected government of the Federation. Mr. Campbell admitted however that any other political group from Singapore likely to play a major role in the negotiations would probably make even more extreme demands.

Sir Hubert emphasized the firm intention of his Government to do everything possible to assist both Singapore and the Federation to attain full self-government.

Mr. Campbell referred to an earlier oral inquiry which had been made as to whether there could be made available to the Department a transcript of the amnesty talks held earlier this year between the

Communist terrorists and the Chief Ministers of Singapore and the Federations. He said that in response to his further inquiry to London, he had been told that since the Asian ministers were involved in the discussions, the U.K. Government felt somewhat reluctant to make the transcript available in Washington but was inquiring of its representatives in Malaya to ascertain the possibility of making the text available to our representatives there.[3]

[3] In telegram 5289 to London, March 14, Smith summarized this conversation with the British Embassy officials and added that it still appeared that the British were underestimating the seriousness of the problem in Singapore. Officials in London, as well as in Singapore and Kuala Lumpur, to whom the telegram was also sent, were authorized to make use of the opportunities afforded under the new liaison arrangements to put forward the suggestions outlined in CA–5294, Document 449, as amended. (Department of State, Central Files, 797.00/3–1456)

457. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State [1]

Washington, March 30, 1956.

SUBJECT

Imminent Political Crisis in Singapore: Recommendations

We have informed the British in Singapore that should they find it necessary to revoke Singapore's constitution, we would probably endorse their action as a last resort (Deptel to Karachi Tosec 29, Tab A [2]). For the reasons given below, we believe our view should now be emphasized by repeating it to the British here and in London.

Already this year there have been two serious outbreaks of communist violence in Singapore. The impending conjuncture of three anticipated developments points up the increased possibility of further violence in the near future: (1) a mass labor demonstration is set for May 1; (2) May 12 is the anniversary of last year's serious riots which resulted in the death, among others, of an American newspaperman; and (3) the British are committed to holding talks with the Singaporeans in London beginning April 23 with regard to possible further steps toward self-government for Singapore.

[1] Source: Department of State, Central Files, 746F.00/3–3056. Secret. Drafted by Kocher and Smith.

[2] In Tosec 29 to Karachi, March 7, the Secretary was informed that the Consulate General at Singapore had informed British officials there that the United States would support a British decision to revoke the constitution of Singapore should such an extreme measure become necessary. (*Ibid.*, 746F.00/3–556)

The British will be reluctant to make sweeping concessions in April because of the political weakness of the Singapore moderates; if, however, they do not make substantial concessions they will provide the strong pro-communist groups with political ammunition.

A communist bid for power may, therefore, come at an early date. If so, the British may soon be forced to consider the desirability of revoking the Singapore constitution. We would doubtless then be forced to make our own position clear.

We should, therefore, act now to place ourselves in as favorable and clear a position as possible.

Recommendations:

1. That FE inform the British Embassy (Sir Hubert Graves) of our agreed tentative position on endorsement of a return to direct British rule of Singapore (Tab B [3]).

2. That Embassy London similarly inform the U.K. Foreign Office.[4]

3. That the Secretary, during his April 4 conversation with the Australian Ambassador, express our concern over developments in Singapore. (Briefing paper being prepared.)[5]

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[3] Tab B was the memorandum of conversation of March 13, Document 455.

[4] There is no indication in Department of State files that recommendations 1 and 2 were implemented.

[5] A handwritten notation by the Secretary at the end of the source text reads: "Reconsider after hearing from Australia". The briefing paper cited has not been found in Department of State files. A memorandum of the Secretary's conversation with Australian Ambassador Spender is *infra*.

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458. Memorandum of a Conversation, Department of State, Washington, April 4, 1956 [1]

SUBJECT

Singapore and Malaya, and Offshore Islands

PARTICIPANTS

Sir Percy Spender, Australian Ambassador
Mr. J. R. Rowland, First Secretary, Australian Embassy
The Secretary
Mr. William J. Sebald
Mr. Eric Kocher

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[1] Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Kocher.

Singapore and Malaya

After the usual amenities the Australian Ambassador opened the discussion by stating the concern which the Australian Government feels about the Communist threat in Singapore. He stated that his government recognizes the dilemma in which the UK now finds itself before the start of the UK–Singapore discussions on self-government in London later this month. If self-government should be given too soon, then the Communists may use the withdrawal of UK controls to take over Singapore. Yet the UK will find it extremely difficult to resist demands for an accelerated pace toward self-government in view of recent concessions to the Federation of Malaya. Sir Percy indicated that the Australian Government not only is aware of this dilemma but has no clear idea how the UK should proceed. Still, in view of Australian interest in the area, it had decided to consult with the US Government to determine to what extent the two governments could work together on this problem. He mentioned that Australia would be an observer on defense matters at the April 23 self-government meeting in London.

The Australian Ambassador went on to state that internal security seemed to be the question that could arouse the greatest controversy in the London negotiations. Chief Minister Marshall of Singapore now finds himself in a situation where his tenure in office may depend on the UK granting the Crown Colony some measure of control over its own internal security. According to the Australian point of view, internal security and external defense are intricately tied together; it is both difficult and dangerous to detach one from the other, leaving internal security in Malayan hands even if external defense remains the responsibility of the British.

The Secretary in reply stated that the US Government has been concerned for some time about the sensitive and difficult problem of Singapore. Although the US prefers not to interfere in the affairs of the area, he did talk briefly in Karachi at the SEATO meeting with Foreign Secretary Selwyn Lloyd.[2] At that time, although no details were explored, general concern was expressed. The Secretary also mentioned that our Singapore Consul General had been approached informally by the Commissioner General for Southeast Asia as well as by the Governor of Singapore concerning US reaction to present UK difficulties in dealing with the Communist menace.[3] Other than these informal approaches, however, the US Government had not dealt with the British on this problem.

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[2] There is no record of this discussion in the reports of the conversations between Dulles and Lloyd at Karachi during the SEATO meeting, March 6–8, 1956.

[3] Reported in despatch 358 from Singapore, February 6, not printed. (Department of State, Central Files, 746F.00/2–656)

The Secretary stressed the disastrous results which a Communist take-over in Singapore might have on the surrounding area. Not only would the effect on SEATO be damaging, but Communist control once ensconced in Singapore would undoubtedly find it easier to spread into neighboring areas. Fortunately, the situation in other parts of Southeast Asia seemed to have improved over the previous year so that countries like Indonesia and Viet-Nam which were in rather precarious situations some time ago now find themselves in a stronger position to resist both Communist aggressive and subversive attempts. Returning to the problem of Singapore, the Secretary agreed with the Australian Ambassador that the British should not relinquish control of Singapore until they were sure that the Communist menace can be resisted.

The Secretary asked the Australian Ambassador what action, if any, the Australian Government had taken in this matter. Sir Percy explained in reply that the Australian cabinet at a recent meeting on this subject had decided the British will not be able to resist the Singapore demand for self-government at the forthcoming London meeting. At the same time, the UK should not give "complete self-government immediately" to Singapore until the Communist threat could somehow be placed under control. The Australian Ambassador mentioned that the school system in Singapore seemed to be particularly threatened but indicated that his government had not gone into the details of possible countersubversive measures. Because of its concern about the outcome of the London talks, however, the Australian Government felt that a high-level approach should be made to the UK, which might take the form of a joint effort on the part of the US and Australia.

After considering this proposal, the Secretary at first wondered if SEATO might be the proper medium for the type of consultation suggested. On second thought, however, he proposed to Sir Percy that because of Australia's primary concern in the area, initial approaches might better come from the Australian Government. If the Australian-UK consultation should have a negative result, the Secretary indicated, the US might reconsider its decision not to approach the British on this matter. In any case, we would take no action until the Australians had made their initial approach and communicated its result to us.[4]

Mr. Sebald inquired of the Australian Ambassador his assessment of British plans to promote self-government in Malaya. Sir

[4]During Sebald's conversation with Blakeney on April 18, Blakeney stated that Australian representatives had made an approach at the U.K. Foreign Office as discussed and that the Australian suggestion "appeared to have fallen on fairly receptive ears." (Memorandum of conversation by Smith, April 18, *ibid.*, 746F.00/4–1856)

Percy frankly admitted that in his opinion the promise of self-government to Rahman for the Federation of Malaya by August, 1957, was hurrying things along too fast. The Australian Ambassador then asked whether the US had considered the granting of economic aid to either Singapore or the Federation of Malaya. In reply it was stated that this type of aid was not being considered at the present time, that no approach to that effect had been made to the US Government, and that UK channels must be observed while Malaya remains in its present dependent status.

[Here follows discussion of the Chinese offshore islands.]

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459. Memorandum From the Director of the Office of Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, May 23, 1956.

SUBJECT

Efforts to Establish Working-Level Consultation with the U.K. on Subversion in Malaya and Singapore

Attached for your information is a chronological summary of the British resistance we have met in our efforts to establish arrangements for close working-level consultation with the U.K. authorities with regard to communist subversion in Singapore and the Federation of Malaya.

As you will see, the British have been anything but helpful. Their reluctance to be candid probably stems primarily from Colonial Office attitudes.

Despite the lack of success, we plan to continue our efforts.

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[1] Source: Department of State, Central Files, 797.00/5–2356. Secret. Drafted by Smith and initialed for Young by Kocher. The Bureau of Far Eastern Affairs was reorganized at the end of March. The Office of Philippine and Southeast Asian Affairs became the Office of Southeast Asian Affairs, with responsibilities limited to mainland Southeast Asia. Eric Kocher was appointed Deputy Director of the new Office of Southeast Asian Affairs.

[Enclosure]

Memorandum for the Files [2]

SUBJECT

The Department's Efforts to Establish Working-Level Consultation with UK Authorities on Subversion in Singapore and the Federation of Malaya

Following is a chronological record of the Department's efforts to establish closer working-level consultation with the UK authorities with regard to communist subversion, and measures to counter it, in Singapore and the Federation of Malaya.

1. December 14, 1955

The OCB formally approved a paper on measures to counter subversion in Singapore and the Federation of Malaya.[3] Among the paper's recommendations were the following:

"B. Complete preparation of detailed suggestions to be used as a basis for working-level discussions with the British after (an) initial approach by the Secretary.

"C. As soon as the British have indicated an interest in receiving our detailed suggestions, provide them on a working level in Washington, London, and Singapore with specific detailed suggestions. If no British response is forthcoming after the original high-level approach, the US should take the initiative in further approaches."

2. December 21, 1955

Embassy London was informed in strict confidence of a position paper prepared in the UK Foreign Office for consideration at ministerial level to the effect that the Foreign Office should tell the Colonial Office that the time had come for taking the US into British confidence concerning Singapore and the Federation. (London tel 2552, December 21, 1955 [4]).

3. January 14, 1956

The list of suggestions was completed and forwarded to appropriate posts for use when authorization given. (Dept's CA–5294, Jan. 14 1956.[5])

4. January 26, 1956

The UK Foreign Office told Embassy London that "unexpected difficulty" had been encountered in obtaining Colonial Office con-

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[2] Secret. Drafted on May 22.

[3] See Document 448.

[4] Not printed. (Department of State, Central Files, 746F.00/12–2155)

[5] Document 449.

currence to discussions with the US of measures to counter subversion in Singapore and the Federation.[6]

5. January 31, 1956

The Secretary discussed the seriousness of the Singapore situation with UK Foreign Secretary Lloyd. (Deptel to London 4439, Feb. 8, 1956.[7])

6. February 14, 1956

The Department suggested to the British Embassy that it might be helpful for US and UK representatives in the field to have closer consultation on subversion in Singapore and the Federation and on measures to combat it. (Deptel 4634 to London, February 15, 1956.[8])

7. March 13, 1956

The British Embassy informed the Department that the UK agreed with our proposal for closer consultation in the field and that the appropriate UK officers in Singapore, Kuala Lumpur, and London had already approached certain US officers to establish the liaison. (Deptel 5289 to London, March 14, 1956.[9])

8. March 15, 1956

In response to the Department's inquiry, Embassy London said it had not been approached by the British. The Embassy requested instructions. (London tel 3982, March 15, 1956.[10])

9. March 16, 1956

In response to the Department's inquiry, the Consulate General of Kuala Lumpur said it had not been approached by the British. The Consulate General requested instructions. (Kuala Lumpur tel 373, March 16, 1956.[11])

The Department consulted the British Embassy and was told that the Embassy, after reviewing its instructions, found that US officials "are being informed." The Embassy preferred that we leave the initiative to the British. The Department so instructed London, Kuala Lumpur, and Singapore. (Deptel 5356 to London, March 16, 1956.[12])

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[6] Reported in telegram 3068 from London, January 26, not printed. (Department of State, Central Files, 746F.00/1–2656)

[7] Document 451.

[8] See footnote 4, Document 453.

[9] See footnote 4, Document 456.

[10] Not printed. (Department of State, Central Files, 797.00/3–1556)

[11] Not printed. (*Ibid.*, 797.00/3–1656)

[12] Not printed. (*Ibid.*, 797.00/3–1556)

10. March 19, 1956

The Consulate General at Singapore reported that liaison arrangement had been proposed "several weeks ago" by Gilchrist, British chairman of the UK FE JIC. The proposal had been for consultation between Consul General Durbrow and Singapore Governor Black, with Anderson (Consulate General) and Broome (British internal security head, Singapore) as respective alternates. However, Gilchrist had said the arrangement depended upon the approval of the Governor, who would raise the matter with Durbrow. The Consulate General noted that the Governor had never done so. (Singapore tel 900, March 19, 1956.[13])

11. April 4, 1956

In response to the Department's inquiry (Smith, SEA, to Campbell, British Embassy, who said he would consult Sir Hubert Graves), the British Embassy asserted that it had information to the effect that US representatives had now been informed (specifically mentioning that the Singapore Governor had confirmed the arrangement to Durbrow) and suggested that we just had not had full reports from our representatives. (Deptel 5859 to London, April 5, 1956 [14])

12. April 5, 1956

The Department requested confirmation from London, Singapore, and Kuala Lumpur of the Department's understanding that our representatives had not been approached. (Deptel 5859 to London, April 5, 1956).

13. April 6, 1956

Singapore referred to its earlier message and reiterated that the Governor had not confirmed the arrangements. (Singapore tel 961, April 6, 1956.[15])

Kuala Lumpur referred to its earlier message and said the situation was unchanged. (Kuala Lumpur tel 187, April 6, 1956.[16])

Embassy London referred to its earlier message and said the situation was unchanged. (London tel 4479, April 6, 1956.[16])

14. April 11, 1956

Smith (SEA) reviewed developments, as outlined above, with Campbell (Colonial Attaché, British Embassy). Campbell remarked

[13] Not printed. (*Ibid.*, 746F.00/3–1956)
[14] Not printed. (*Ibid.*, 797.00/4–556)
[15] Not printed. (*Ibid.*, 797.00/4–656)
[16] Not printed. (*Ibid.*)

that there was an obvious misunderstanding somewhere in British channels. He said the Embassy would take up the matter with the Foreign Office and he would let us know as soon as a reply had been received.

15. April 19, 1956

Mr. Sebald (FE), during a conversation on other matters with Sir Hubert Graves of the British Embassy, inquired whether any further word had been received with regard to the proposed liaison arrangements. Sir Hubert replied that no word had been received.

16. May 10, 1956

Campbell of the British Embassy, during a reception at Campbell's house, told Smith (SEA) he would call at the Department, before his impending departure for London, for a final review of Singapore matters.

17. May 18, 1956

Smith (SEA), during a conversation on other matters, inquired of Sir Hubert Graves whether any further word had been received from London on the proposed liaison arrangements. Sir Hubert replied that the British Embassy had written to the Foreign Office about the matter "a couple of days ago" but had not received an answer.

18. June 8, 1956 [17]

Question raised by Mr. Young (SEA) with Mr. De la Mare of British Embassy, who said he was unfamiliar with problem but would look into it.

19. June 11, 1956

Conversation with Patrick Dean of UK Foreign Office (See Deptel 2360 to Singapore [18]).

20. June 15, 1956

Approach to Department by British Embassy [19] . . . .

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[17] The chronology was expanded after May 23, presumably by Smith, to cover the period through June 15.

[18] Not printed. (Department of State, Central Files, 797.00/4–556)

[19] No record of such an approach has been found in Department of State files.

460. Memorandum From the Deputy Director of the Office of Southeast Asian Affairs (Kocher) to the Assistant Secretary of State for Far Eastern Affairs (Robertson) [1]

Washington, July 9, 1956.

SUBJECT

Singapore's Analysis of British Policy in Malaya and Singapore

The attached despatch [2] from Consul General Durbrow in Singapore merits your attention. I recommend that you read the passages we have underlined on pages 2 through 7.[3]

The despatch attempts to analyze British policy toward Singapore and Malaya and concludes that the dominant forces within the British Government at the present time are determined to "hold on" to Singapore and to move only slowly with regard to independence for the Federation. Incongruous as it seems, the same forces are opposed to any genuine counter-subversion program in Singapore, apparently preferring to rely on ultimate British armed strength to prevent a communist take-over. (As a partial explanation of the anomaly, Durbrow points out that Colonial officials there are not unaware that the greater the threat of subversion, the more justification for them to retain full control.)

At the time of the breakdown of the London talks on Singapore in May,[4] we were disturbed that the British communiqué [5] justified the British position in terms of Singapore's strategic value rather than in terms of the threat of communist subversion. (This, despite our

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[1] Source: Department of State, SEA Files: Lot 58 D 726, 350 British Policies and Views. Secret. Drafted by Smith.

[2] Despatch 584, June 21, not found attached. (*Ibid.*, Central Files, 746F.00/6–2156)

[3] The file copy of this despatch is not underlined as indicated.

[4] The talks on the question of independence for Singapore, which began in April in London between officials of the Colonial Office and a delegation from Singapore led by Chief Minister Marshall, broke down in May without agreement. The British were concerned to preserve their military base at Singapore and wanted to prevent Communist subversion of a dependent territory. The British Government felt that it could not agree to the establishment of a 6-year time table for the evolution of Singapore to self-government, and believed that it had to retain responsibility for the internal security of Singapore. (Memorandum of conversation, May 8; Department of State, Central Files, 746F.00/5–856) In telegram 1208 from Singapore, June 8, the Consulate General reported that Marshall, on his return to Singapore after the failure of the talks, alleged that independence for Singapore had become a "sacrifice on the alter of a brass God—SEATO." (*Ibid.*, 746F.00/6–856)

[5] On May 15, the Colonial Office issued a statement to explain the failure of the Singapore constitutional conference, which had ended without agreement that day. The statement emphasized Singapore's strategic importance and U.K. responsibility to counter the growing threat of Communist subversion as the principal reasons for refusing the demand for independence for Singapore. (*The Times* (London) May 16, 1956)

repeated efforts at high levels to persuade the British of the psychological disadvantages of such an explanation.) . . . .

. . . . . .

Mr. Durbrow recommends that we redouble our efforts to induce the British to: (a) adopt effective methods to eliminate subversion and (b) as soon as practical thereafter grant as many concessions as possible on the path to self-government in order that both Singapore and the Federation will voluntarily remain within the Commonwealth and thus in the Free World. These are recommendations with which SEA agrees.

We are asking Embassy London to comment on the despatch and may be able thereafter to draw up more specific recommendations.

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461. Editorial Note

At its 295th meeting on August 30, the National Security Council adopted NSC 5612/1, "U.S. Policy in Mainland Southeast Asia." The following paragraphs outlined United States policy with respect to Singapore and Malaya:

"59. Accept the present primary role of the British in Malaya in so far as they are willing and able to maintain it, and collaborate with the British so far as practicable.

"60. Encourage the British and local authorities to take vigorous actions to curb Communist subversion, and be prepared to assist in such action as requested by British or local authorities.

"61. Employ all feasible means to prevent Singapore and the Federation of Malaya from falling under Communist control. In the case of armed attack, place initial reliance on Commonwealth, ANZUS, or SEATO resources as appropriate, but be prepared to take such additional U.S. action as may be required.

"62. Encourage the development of a strong, stable, independent Malayan nation within the Commonwealth.

"63. Seek to assure free world strategic interests in Singapore, favoring, only if consistent with this end, elective institutions in Singapore and Singapore's incorporation with an independent Malaya within the Commonwealth.

"64. After Malaya attains full self-government and independence, be prepared, as appropriate and consistent with recognition of Commonwealth responsibility, to assist Malaya to maintain stability and independence, and encourage it to join SEATO."

The text of NSC 5612/1, dated September 5, is scheduled for publication in volume XXI.

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462. Memorandum of a Conversation Between the Counselor of the British Embassy (De la Mare) and the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald), Department of State, Washington, October 30, 1956 [1]

SUBJECT

Singapore Situation

Mr. de la Mare called at the Department at 4:30 p.m. October 30, at his request. He said that he had come to see Mr. Sebald to give him a copy of a note which Sir Robert Scott had sent to the Colonial Office giving his views on Lim Yew-hock.[2] He handed Mr. Sebald a paraphrase of the document.[3] Mr. Sebald, after reading it, said we agreed wholeheartedly and had followed largely the same line. Mr. de la Mare expressed the misgiving that Lim Yew-hock might "go off the rails" as Marshall before him had done. Mr. Sebald said that it was our feeling that unless we are careful in how we handle the public relations aspect of this problem, Lim Yew-hock might be tarred with the colonial brush. We were, however, of the opinion that he had handled himself well, and, as Sir Robert pointed out, the riots were evidence of his firmness.[4]

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[1] Source: Department of State, Central Files, 746F.00/10–3056. Confidential. Drafted by James V. Martin, Jr., on November 2.

[2] In June 1956, Lim Yew Hock succeeded David Marshall as Chief Minister of the Government of Singapore.

[3] The note is not printed. Scott expressed confidence in Lim Yew Hock and admiration for his handling of the riots which had taken place in Singapore October 25–30. Scott felt that the new administration in Singapore recognized what needed to be done to counter subversion and had the courage to do what was necessary. (Department of State, Central Files, 746F.00/10–3056)

[4] An assessment of the riots in Singapore and Lim Yew Hock's handling of them is in despatch 225 from Singapore, November 9, not printed. (*Ibid.*, 746F.00/11–956)

463. Operations Coordinating Board Outline Plan [1]

Washington, February 27, 1957.

OUTLINE PLAN OF OPERATIONS WITH RESPECT TO SINGAPORE AND THE FEDERATION OF MALAYA

Wherever appropriate, the courses of action in this paper will be applied to the situation existing in British North Borneo, Brunei and Sarawak, particularly those courses which deal with combating Communist subversion, even though these areas are not covered officially by NSC 5612/1.

I. Introduction

A. References:

(1) U.S. Policy in Mainland Southeast Asia (NSC 5612/1), Approved by the President September 5, 1956.[2]
(2) NIE 64–56, The Political Outlook in Malaya through 1960, dated January 24, 1956.[3]
(3) NSC 5602/1.[4]

B. Special Operating Guidance:

1. U.S. operations in Singapore/Malaya should be conducted in the context of U.S. objectives which are: to prevent the countries of Southeast Asia from passing into or becoming economically dependent upon the Communist bloc; to persuade them that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the free world.

2. Accepting the present primary role of the British in Singapore/Malaya, the U.S. should proceed along parallel lines insofar as the policies of the two governments coincide. . . .

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[1] Source: Department of State, OCB Files: Lot 61 D 385, Singapore and Malaya, Documents. Top Secret. On February 20, the Operations Coordinating Board considered and revised a February 12 draft of this paper. The Outline Plan printed here is the revised version adopted at that meeting. The Outline Plan of Operations was an action paper which detailed the implementation of that section of NSC 5612/1 which related to Singapore and Malaya. The agencies involved agreed to implement the plan subject to later review and modification.

[2] For text of that section of NSC 5612/1 which related to Singapore and Malaya, see Document 461.

[3] For a summary of NIE 64–56, see Document 450.

[4] Text of NSC 5602/1, "Basic National Security Policy", March 15, 1956, is scheduled for publication in volume XIX.

3. If the people of Malaya feel strongly that the British are obstructing or delaying their nationalist aspirations for self-government, the U.S. should discuss with the British possible lines of action to dissipate any resentment as to British intentions. Care should be taken to avoid becoming identified in the public mind with such alleged British obstructionism.

4. *Multi-Racial Nature of the Population.* The population of Malaya is heterogeneous. The Malays, who regard themselves as the "true" inhabitants of the peninsula and therefore entitled to special privileges, number in the Federation only a small plurality over the second largest group, the Chinese. (If one combines the populations of Singapore and the Federation, the Chinese are the more numerous.) Other significant groups are the Indians, Eurasians, and Europeans. The problem of building a Malayan nation is vastly complicated by the fact that the separate groups have not inter-married to any great extent and continue to adhere to their separate languages, religions, and customs. The diversity of interests presents more opportunities for Communist exploitation than for free world exploitation.

The rapid movement toward self-government and independence in Singapore/Malaya raises the important problem of preventing the Peiping-oriented Chinese from gaining ascendancy through constitutional or other means. U.S. representatives must be ever-mindful of the rivalries among the racial groups, avoid identification with any particular group, and to the extent possible use their influence with leaders of all groups to promote cooperation among them.

4. *Independence for the Federation.* It is planned that the Federation, with the blessing of the British, will become a sovereign nation within the Commonwealth by the end of August 1957. The problem will then become the maintenance against Communist subversion of a free, pro-western nation composed roughly of half Malays and half Chinese.

a. Malaya already exhibits many of the symptoms of hyper-sensitivity to western pressures which newly independent Asian nations have so consistently demonstrated. The U.S. should be ever-mindful of this sensitivity.

b. In particular, in determining the size of our official staff in Malaya and the degree of our direct involvement in Malayan affairs, we must take into account the danger of appearing to Asian eyes as intent upon supplanting British influence with our own.

c. Similarly, not only during the period of transition to independence but also afterward, we must avoid unnecessary action which would tend to confirm British suspicions that we are eager to assume their role of Malaya's protector and "big brother".

d. The presence of a large Chinese population predisposed to view Communist China with favor, the inroads already made in the Chinese community by Communist elements, and the secondary nature of the U.S. role in Malaya require exercise of the greatest dis-

cretion and ingenuity on the part of the American representatives in Malaya in their efforts to obtain information and to exert their influence.

6. *Status of Singapore.* Singapore is expected to achieve full internal self-government sometime early in 1957, and plans to hold elections for a new legislative assembly in August. Britain is expected to retain military bases in Singapore and to remain responsible for Singapore's external defense and foreign affairs.

7. *Relation of Singapore to the Federation.* For a variety of reasons, Singapore and the Federation have moved separately toward full self-government and independence. Some form of merger of the two territories appears logical and desirable, but not certain to take place in the foreseeable future.

C. U.S. Commitments and Understandings:

The provisions of the Southeast Asian Collective Defense Treaty signed at Manila on September 8, 1954, apply to the Federation of Malaya and the Colony of Singapore since the U.K., one of the signers of the Treaty, is sovereign over those areas. The early independence of the Federation of Malaya will alter this circumstance. The present Chief Minister [5] states privately he favors Malaya's joining SEATO, but internal political factors may preclude this step. However, some form of indirect connection is a possibility, e.g., through the special bilateral defense treaty with the U.K. which is under final negotiation.

II. Actions Agreed Upon

NSC Citations	*OCB Courses of Action*
Para. 59. "Accept the present primary role of the British in Malaya insofar as they are willing and able to maintain it, and collaborate with the British so far as practicable."	1. U.S. representatives in Singapore and Malaya should continue tactfully their efforts to convince the British of the wisdom of encouraging local government leaders to take courses of action which appear to the U.S. to be necessary.

[5] Tengku Abdul Rahman.

Assigned to: State

Target Date: Continuing

2. If the unexpected should happen and if British and Commonwealth strength and influence should deteriorate in Malaya, the U.S. should consider with the British possible lines of action to halt such deterioration.

Assigned to: State

Target Date: When situation requires

. . . . . .

Para. 60. "Encourage the British and local authorities to take vigorous actions to curb Communist subversion, and be prepared to assist in such action as requested by British or local authorities."

4. The U.S. should continue to impress on the British the general threat which Communist subversion poses to their own and Free World interests in Singapore/Malaya.

Assigned to: State

Target Date: Continuing

5. U.S. representatives should continue their efforts to persuade the government leaders of Malaya/Singapore that their present control and the future independence of these areas will depend upon mutual and constant vigilance and firm action to break up the well-organized and well-financed international Communist organization in both territories. U.S. representatives should continue their efforts to persuade government leaders that they must take action to protect all citizens from the ef-

fective intimidation methods used by the Communists.

Assigned to: State
Support: All agencies

Target Date: Continuing

6. The U.S. should encourage the two governments to discredit, arrest (possibly through income tax evasion), or deport those rich pro-Peiping Chinese merchants who allow themselves to be useful adjuncts of the Communist organization.

Assigned to: State

Target Date: Continuing

7. Local government officials should be urged to adopt effective measures to prevent circulation of Communist propaganda through books, films, and newspapers.

Assigned to: State

Target Date: Continuing

8. Schools, unions, and youth groups should be provided, through indigenous channels so far as possible with books, publications, films, and other similar materials calculated to present the anti-Communist world in a favorable light to offset the effect of Communist propaganda, and should receive the help of visiting U.S. leaders and specialists.

Assigned to: USIA
Support: State

Target Date: Continuing

9. The U.S. should, when opportunities arise, discourage the training of Malayans, particularly in such fields as diplo-

macy and defense, in neutralist countries and should encourage their training in the U.S. and other countries firmly committed to anti-Communist foreign policy.

Assigned to: State
Support: USIA, Defense

Target Date: Continuing

10. U.S. representatives should encourage Singapore Government leaders to use sufficient pressure on the large-circulation Chinese-language newspapers to persuade them not to slant their news favorably with respect to Peiping but to print accounts of the hard facts of life in Communist China. Where possible, U.S. officials should exert direct influence on such editors also.

Assigned to: USIA

Target Date: Continuing

11. The U.S. should continue the stepped-up publication of "Bebas" (Malay-language publication for Malays) and work out an effective Chinese newsletter publication to reach non-English-speaking Chinese.

Assigned to: USIA

Target Date: Continuing

12. The U.S. should encourage the local governments to improve their own information services in order to present the truth to the people, counteract Communist distortion, obtain public understanding of government actions and publicize favorable developments in economic, social and political fields. Upon

request, and with British clearance and consent where necessary, provide U.S. advice and training in improving local information services, which should be operated by, with and for the local population.

Assigned to: USIA
Support: State

Target Date: Continuing

13. While recognizing that the problems of elementary and secondary education are the responsibility of the elected governments and of the U.K., the U.S. should cooperatively assist in unattributed and overt measures designed to reduce subversion in the Chinese schools.

Assigned to: State
Support: USIA

Target Date: Continuing

14. The U.S. should encourage and where appropriate help to provide the means whereby indigenous agencies can organize and revitalize youth groups as a counterattraction to the appeal of Communist-oriented activities.

Assigned to: State
Support: USIA

Target Date: Continuing

. . . . . .

Para. 61. "Employ all feasible means to prevent Singapore and the Federation of Malaya from falling under Communist control. In the case of armed attack, place initial reliance on Commonwealth, ANZUS, or SEATO resources as appropriate, but be prepared to take such additional U.S. action as may be required."

16. The U.S. should use every effective method possible to prevent Malayan recognition of Communist China.

Assigned to: State
Support: All agencies
Target Date: Continuing

17. Efforts should be made to strengthen the diplomatic, political, cultural and economic ties of Malaya and Singapore with the Philippines, Japan, Thailand, Vietnam, Australia, New Zealand, the Government of Republic of China, and Pakistan.

Assigned to: State
Support: USIA
Target Date: Continuing

18. U.S. representatives should attempt to convince the local Chinese that help from Communist China would be inviting a fate such as that experienced by Hungary, North Korea and North Vietnam; that Russia and China impose special harsh treatment upon their colonies, and upon home grown Communist leaders after the take-over; and that being drawn into a Communist system will lower present living standards and enslave the people.

Assigned to: USIA
Target Date: Continuing

19. The U.S should encourage eventual political recognition between Malaya and the Government of Republic of China, but postpone pressing this issue until a more opportune time because now it would cause bitter dissension and weaken the new government. Meanwhile, quietly

encourage closer contacts, particularly trade.

Assigned to: State
Target Date: Continuing

20. The U.S. should encourage the development of effective local police and military establishments adequate for internal security.

Assigned to: State
Target Date: Continuing

21. Prepare contingency planning studies with other SEATO nations, if feasible, for the defense of Malaya and Singapore against overt Communist aggression.

Assigned to: Defense, State
Target Date: July 1957

22. Prepare unilateral contingency planning studies with respect to countersubversive and military action which might be taken by the U.S. to thwart any Communist attempt to seize control from within.

Assigned to: Defense, State
Target Date: July 1957

Para. 62. "Encourage the development of a strong, stable, independent Malayan nation within the Commonwealth."

23. U.S. representatives should impress upon Singapore/Malayan leaders that independence and political stability depend first upon successful control of Communist subversion; second, upon immediate and sustained efforts further to develop responsible, well-organized political parties; and third upon placing in effect as many social and economic reforms as

are practicable to move the standard of living gradually and perceptibly upward.

Assigned to: State
Support: USIA

Target Date: Continuing

24. U.S. representatives should seek to convince the Chinese, Malays and Indians that their present and future prosperity has been and will continue to be heavily dependent upon trade and ties with the free nations; that present and future trade prospects with Communist China are negligible in comparison.

Assigned to: State, USIA
Support: All agencies

Target Date: Continuing

25. The U.S. should encourage the efforts of the Malayan Governments to foster and to nurture primary loyalty to Malaya. Conversely, actions by the Governments of Singapore and the Federation which increase apprehension of Malayan Chinese as to their stake in the country should be discouraged.

Assigned to: State
Support: USIA

Target Date: Continuing

26. U.S. representatives should encourage government leaders to convince as many Chinese as possible that (a) they have a stake in a non-Communist Malaya, (b) inviting Communist China's support would endanger their stake, (c) it does not pay to be a Communist or a Communist sympathizer, (d) after independence they would

be well-advised to accommodate themselves to conditions by working peacefully to minimize discriminations rather than turning to revolt, (e) they can improve their position through constitutional processes, and (f) the "Chinese Communism is different" line is false.

Assigned to: State
Support: USIA

Target Date: Continuing

27. U.S. representatives should attempt to convince Malay leaders that it is in their own interests to permit the Chinese greater participation in the new Malayan Government, and to allow conditions under which the Chinese can prosper with minimum interference and discrimination.

Assigned to: State

Target Date: Continuing

28. U.S. representatives should seek opportunities to convince government leaders and business management that it is in their own interest to encourage and develop free trade unions as an important block to Communist objectives of subverting the labor movement.

Assigned to: State

Target Date: Continuing

29. Working to the extent feasible through American trade unions and the International Confederation of Free Trade Unions, the U.S. should encourage (and should persuade the British to encourage) the strengthening of non-Communist

labor organizations in Singapore and the Federation, and simultaneously encourage employers by all appropriate means to recognize and support non-Communist labor organizations affiliated with the Singapore Trade Union Congress and the Malayan Trade Union Congress.

Assigned to: State, USIA

Target Date: Continuing

30. The U.S. should discreetly . . . encourage the Alliance Government to assist the Malayan Chinese Association and the Malayan Indian Congress and give them credit for legislation and other official action which tends to encourage all Malayans to regard Malaya as their home.

Assigned to: State

Target Date: Continuing

31. The U.S. should continue to encourage the political parties within the Alliance to use moderation in their dealings with each other and to impress upon their leaders that the best hope of a favorable future for an independent Malaya lies in maintaining good working relations within the Alliance.

Assigned to: State

Target Date: Continuing

32. The U.S. should encourage, and if requested, assist in the creation of a School of Public Administration within the University of Malaya.

Assigned to: State

Target Date: Continuing

33. U.S. representatives should try persistently, but tactfully, to persuade elected Malayan officials that it is in the interest of Malayans to make it possible for those Malayans possessing accredited U.S. professional degrees to be permitted to practice their calling.

Assigned to: State
Support: USIA

Target Date: Continuing

34. The U.S. should continue its present practice of avoiding actions, such as those relating to the U.S. stockpile, which would tend to affect adversely the price and marketing of rubber and tin.

Assigned to: All agencies

Target date: Continuing

35. Within limitations fixed by the necessity to avoid giving the impression the U.S. intends to dominate Malayan commercial markets in the future or is trying to supplant the British, the U.S. should promote trade and investment between the U.S. and Malaya by continuing present activities, by dispatching a trade mission to Malaya and Singapore, and in strengthening the U.S. commercial staff in Singapore/Malaya.

Assigned to: Commerce
Support: State

Target Date: Continuing

36. The U.S. should plan for the prompt establishment of diplomatic relations with an independent Federation of Malaya.

Assigned to: State

Target Date: Immediate

37. Take steps to make the U.S. known in Singapore/Malaya by increasing the development of education facilities, teacher grants, book programs and an effective positive documentary motion picture program. The exchange of persons program, emphasizing labor, press and education grants, should selectively include American negroes and Asian-Americans.

Assigned to: USIA, State

Target Date: Continuing

38. Seek to moderate excessive nationalism and combat narrow communalism among the Malays by distributing books in translation, circulating more widely news publications in Jawi, sending to the U.S. Malay leaders drawn from the smaller remote as well as the larger populous communities, stimulating inter-communal youth activities, and extending to secondary schools, largely attended by Malays, publications, films and sports programs.

Assigned to USIA
Support: State

Target Date: Continuing

. . . . . .

Para. 63. "Seek to assure free world strategic interests in Singapore, favoring, only if consistent with this end, elective institutions in Singapore and Singapore's incorporation with an independent Malaya within the Commonwealth."

40. The U.S. should encourage the British Government to take a sympathetic attitude toward Singapore's aspirations for internal self-government, so long as such aspirations are pressed by a responsible non-Communist elected government able and willing to control subversion.

Assigned to: State
Target Date: Continuing

41. The U.S. should continue to impress upon the British at all levels that public declarations containing the implication that Singapore can never be truly independent, militate against a merger of Singapore and the Federation.

Assigned to: State
Target Date: Continuing

42. The U.S. should encourage the Alliance Party, which forms the government in the Federation, to build up its strength in Singapore.

Assigned to: State
Target Date: Continuing

43. U.S. officials in the Federation should continue in the most subtle manner to bring to the attention of the Federation's leaders the necessity of avoiding statements and actions which appear to dampen hopes for continued cooperation and ultimate merger between Singapore and the Federation. Likewise, the U.S. should try to influence the Singapore Government not to take steps which might further harden the opposition of the Malay leaders even further to such a merger.

Assigned to: State
Target Date: Continuing

45. The U.S. should not urge an early merger between Singapore and the Federation until it becomes clear that the newly independent Malaya can accommodate the local Chinese and control Communist efforts to destroy the new nation.

Assigned to: State
Target Date: Continuing

46. U.S. representatives should continue to remind the U.K. and the local Asian government leaders that every further step toward accommodation with Communist China involves the risk of adding to the appeal of Communist China to the local Chinese.

Assigned to: State
Support: USIA
Target Date: Continuing

Para. 64. "After Malaya attains full self-government and independence, be prepared, as appropriate and consistent with recognition of Commonwealth responsibility, to assist Malaya to maintain stability and independence, and encourage it to join SEATO."

47. U.S. representatives should continue to seek opportunities to encourage the Federation of Malaya to apply for admission to SEATO upon the assumption of Malayan independence. Since, however, present Malayan attitudes are such that Western pressure on Malaya in this regard is likely to engender only opposition to SEATO, our

efforts at encouragement must be discreet and deft.

Assigned to: Defense, State

Target Date: Immediate

48. After independence, the U.S. should encourage the Federation to apply for UN membership and should actively support its application and encourage immediate participation after independence in other appropriate international organizations.

Assigned to: State

Target Date: Immediate

49. Should the Federation Government approach the U.S. for economic or technical assistance, the U.S. should consider such a request on the basis of circumstances prevailing at that time, taking into account the Federation's plans for utilizing its own resources, resources available from public lending institutions and private investors, the availability of assistance from the U.K. and other nations, and competing demands for U.S. assistance.

Assigned to: State, ICA

Target Date: After assumption of sovereignty by the Federation

50. The U.S. should consider limited participation in Singapore and Federation trade fairs and exhibitions, particularly taking into account the effectiveness of such measures to counter penetration of these markets by Communist China.

Assigned to: Commerce, State, USIA

Target Date: Continuing

51. The U.S. should undertake to negotiate a modern treaty of Friendship, Commerce and Navigation, an investment guarantee agreement, and a treaty for the avoidance of double taxation.

Assigned to: State, Treasury, Commerce

Target Date: After assumption of sovereignty by the Federation

III. Actions Not Agreed Upon

None.

IV. Additional Proposals Under Consideration in the Working Group

None.

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464. Despatch From the Consulate General at Kuala Lumpur to the Department of State [1]

No. 31 *Kuala Lumpur, August 1, 1957.*

REF

Deptel 5, July 10, 1957 [2]

SUBJECT

Progress Report on NSC 5612/1

Where We Have Progressed

Events in Malaya have developed during the period from mid-March to date in directions generally favorable to United States interests in the following respects (numbers in parentheses indicate the paragraph number in the OCB Outline Plan of Operations: [3])

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[1] Source: Department of State, OCB Files: Lot 61 D 385, Singapore and Malaya, General. Secret.

[2] In telegram 5 to Kuala Lumpur, the OCB working group for Southeast Asia asked for a progress report on the implementation of NSC 5612/1. (*Ibid.*, Central Files, 611.90/71057)

[3] *Supra.*

1. The transfer of power from the British to the Malayans will have been accomplished in an orderly fashion by August 31. The new constitution provides that the government as now constituted will remain in power until the next national elections, which are scheduled to be held at the end of 1959. Relations with the United States have been good during the period under review. Ambassador-designate to the United States and to the United Nations Dr. Ismail bin Dato Abdul Rahman, who will retain his Ministerial rank in the Cabinet, is the highest ranking diplomat to be sent abroad, and his appointment is indicative of the importance with which the Malayan leaders attach to Malaya's relations with the United States, as well as their desire to have an able man represent Malaya in the United Nations. The United States will be represented at the Independence ceremonies by Under Secretary Herter and Ambassador James P. Richards, and the United States will extend diplomatic recognition immediately upon the attainment of Independence (36).

2. The present government is well aware of the dangers of Communist subversion. The government, through its Emergency Regulations, prevents the large-scale circulation of Communist propaganda, although the introduction of such propaganda through irregular channels continues (7). Subversion in Chinese schools is one of the principal concerns of the government, which has not hesitated to take strong action when necessary. The government believes that the threat of subversion in the Chinese schools, though present, is not of widespread or of serious proportions at the present time. Nevertheless, because the type of education given by Chinese schools does not prepare most of their graduates for the type of jobs awaiting them, the problem of unemployable youth prone to emotional radicalism continues to pose a threat to the future political stability of the country (13). USIS has shown films to 42,000 members of labor and youth organizations and has distributed publications on a regular basis to these and other groups (8, 14) in its program to counteract Communist influence.

3. The government is continuing its war against the Communist terrorists and has announced that the only basis upon which the government will negotiate with the Malayan Communist Party is one of unconditional surrender. Local security forces appear adequate to maintain internal security with the help of the Commonwealth forces (20) and are doing their best to protect the citizens from Communist intimidation (5). However, the cost of the emergency has been the subject of attack by opposition elements, and the Chief Minister has stated that he hopes that he can conclude the war by the end of 1958 (the year before elections) in order to release funds for economic development.

4. Malaya has made it clear that she will not recognize Communist China and has not invited any Communist countries to the independence celebrations (16). The government forced the cancellation of a trade fair this spring in Kuala Lumpur in which the Chinese Communists had substantial interests, although Malayan rubber still goes to Mainland China in small quantities. USIA in its various publications and USIS and Consulate officers have pointed out to Malayan leaders the dangers of trading with Communist China, citing examples such as Burma and Ceylon (24, 26). Visits by students to Communist China have slackened within the past year because of some waning of enthusiasm for Communist China and a lack of educational facilities there (13).

5. The problems of communalism are very much on the minds of the Malayan leaders and the new constitution represents a reasonable compromise between the Malays and non-Malays. Criticisms of it by the fringe opposition of the Malays on one hand and the Chinese on the other contribute to the tension between the races, but no large-scale inter-racial conflicts are expected. Both Malays and non-Malays in the government realize that moderation is necessary and have made efforts to assure those Chinese who desire to give their loyalty to Malaya that they should feel no undue qualms concerning the present constitution and government (25, 27, 31). The government is attempting to inculcate loyalty to Malaya among all races through the introduction of a common syllabus in all the schools (25), and through its information services is trying to reduce foreign Chinese political and cultural influence, whether Communist or KMT (26). USIS has supported the non-communal effort through the translation of ten U.S. books during the past year, selecting leader grantees from small communities, and the extension of publications, films, and sport programs to the secondary schools (38). The Malayan Chinese Association, the principal vehicle for Chinese political expression, is attempting to strengthen its organization and increase its membership, but is still generally regarded as an organization with little mass support (30).

6. Malayan leaders have indicated that they are willing to establish diplomatic relations with all non-Communist countries in South and Southeast Asia, including South Korea and South Vietnam, except the Republic of China, as soon as personnel are available. No diplomatic relations with any Communist countries are contemplated at the present time (16, 17). Government leaders have stated that they will not be prepared to make a decision as to whether or not to join SEATO until after the 1959 elections (47). Malaya will apply for membership in the U.N. and in the IBRD and the IMF. The training of Malayans for their defense establishments and foreign office has taken place primarily in the U.K. and in Australia. Some foreign

service officers have been attached to the British High Commissions in Pakistan and India and may have been influenced by the policies of those countries. There are indications that the Malayans would like the U.S. to assist in the training of their diplomatic officers, and this is a subject which the Malayan Ambassador-designate may take up with the Department (9).

7. . . . The themes contained in all USIS output has supported U.S. objectives (17, 18, 24, 25, 26, 37).

8. Most responsible government leaders and European business managers realize that it is in their own interests to develop free trade unions as a barrier to Communist subversion, although Chinese towkays are generally unfavorably disposed toward union activity. Both the government and business in Malaya, however, are relatively conservative and the government has been attacked by opposition elements as being opposed to development of labor union activity. The ICFTU has been active in encouraging the growth of non-Communist labor organizations. U.S. attempts to influence the unions have been primarily through sending leader grantees to the U.S. (29).

9. The Federation's economic activity continues to operate at relatively high and profitable levels. Budget surpluses for 1955 and 1956, and the prospect for a small surplus this year now make it less likely that Malaya will request direct U.S. economic assistance in the near future. A shortage of trained personnel, however, would appear to increase the possibility that Malaya may ask for technical aid, particularly in the form of personnel and training, although there have so far been no indications that such a request is being considered (49).

10. The U.S. trade delegation which came to Malaya in May attracted considerable interest among local businessmen and it is expected that independent Malaya will be more liberal than the Colonial Government in the past in granting foreign exchange to buyers who wish to trade with the U.S. (35).

Where We Have Failed:

1. The prospects for a merger between Singapore and the Federation seem less favorable than before. The Malays continue to feel that the largely Chinese population of Singapore can only affect their position in Malaya adversely and the government believes that the Federation can control subversive elements from Singapore operating in the Federation more efficiently if Singapore is separate from the Federation (41, 43, 45). Although the members of the Alliance have stated that they are taking steps to strengthen their organization in Singapore, the fact that the Alliance Government does not desire a merger with Singapore tends to vitiate its influence there (42).

2. Malayan recognition of the Republic of China is not envisioned in the foreseeable future and seems more remote than ever. During the period under review the Chief Minister has repeatedly attacked certain elements in the Federation for being sympathetic with the KMT and for trying to alienate the loyalty of Malayans of Chinese ancestry. The Chief Minister and many other Malays fear the Republic of China for much the same reason they fear Communist China; i.e., they fear that any outside Chinese influence will tend to defeat the government's policy of inculcating a loyalty in local Chinese to Malaya (19).

3. The Malayan Government does not yet recognize American university degrees. Some agitation for this step is coming from local people. It is believed that U.S. support for this objective should be behind the scenes until after the achievement of independence, after which time it may be desirable for U.S. representatives here to take a more active part in persuading the government of the desirability of recognizing U.S. degrees (33). Many government officials now favor this step.

4. There continues to be some concern over the possibility that the price of rubber might fail as a direct consequence of actions taken by the U.S. synthetic rubber industry. U.S. representatives here have attempted to show that Malayan rubber will continue to command an important part of the market and that the market for rubber, both synthetic and natural, is expanding to such an extent that the local rubber industry should have no fears of the future (34).

Where Policy Needs Revision:

1. With the coming independence of Malaya, the references to the British in the referenced document need to be revised. Close collaboration with the British continues to be desirable and the influence of the British High Commission, British officers in the service of the Independent Malaya, and British businessmen will continue to be considerable, but the responsibility of administration of the country will be entirely in Asian hands after August 31.

2. It may be desirable to amend a number of the paragraphs to take into consideration the government's awareness of the dangers of subversion, but the U.S. should continue to emphasize to local officials the constant threat which Communist ideology and tactics present.

3. The language in paragraph 11 of the OCB paper should be revised to omit mention of the specific publications like *Bebas* and *Chinese News Letter,* since it is quite possible that local circumstances may require the renaming of a publication or a shift of technique.

Emerging Trends:

1. The antagonistic attitude shown by the Malayan Government toward the Republic of China is increasing because high Malayan ministers feel that the Kuomintang is trying to capture the loyalty of the Malayan Chinese at the expense of Malaya.

2. The independent Malayan Government has shown signs of desiring to lessen its dependence upon the British and to look toward the United States for guidance. To date this has manifested itself in small ways; e.g., the sending of its most prominent ambassador to the U.S., the stratagems used to provide the Americans with favorable seats at the independence ceremonies, the using of American cars during these ceremonies, the request for an American central bank advisor, etc.[4]

3. The government is remaining firm in its determination not to permit any increase in Communist influence in the country, either through the Malayan Communist Party or through subversion from abroad. However, there are elements in the opposition parties who favor recognition of Communist China, and there are elements within the governing parties who desire increased trade with Communist China. It is highly doubtful that the minor parties will be able to win a substantial voice within the national government within the next six years. Some increase in trade with Communist China may take place, but probably only on a small scale.

4. Closer relations with the Arab countries may be established. The Malayans have stated that they plan to establish diplomatic relations with Egypt and Saudi Arabia soon after independence. Some Malays have studied in the university in Cairo; their influence in Malaya to date has been negligible but may increase slightly after independence.

5. Domestic opposition to the Alliance, which has been fragmented thus far, is showing some signs of uniting to form an alliance to fight the Alliance on a socialist, non-Communist platform. This group will attempt to present to the voters the picture of the present government as one dominated by moneyed interests. The Labor Party of Malaya and Party Ra'ayat, the promoters of the "Socialist Front", hope to attract other splinter groups, but their own spokesmen have no hope of capturing the government before about 1965 at the earliest when the second national elections are to take place.

6. The government's announced policy on the treatment of foreign investment capital continues the relatively favorable conditions which have prevailed in the past. Provided the present government

[4] In telegram 196 from Kuala Lumpur, February 13, the Consulate General reported that Malayan officials were considering the establishment of a Malayan central bank and had requested that the United States recommend an American bank adviser. (Department of State, Central Files, 897.14/2–1357)

can manage its affairs so as to hold the confidence of investors, and the announced willingness of several foreign firms to increase their Malayan investments indicates that such a confidence exists, it is believed that Malaya will continue to prove attractive to foreign capital. This will enable the latter to play its part in the further economic development of Malaya, thereby helping to lessen the possibility for any request for direct U.S. economic assistance.

7. Radical union leaders in Singapore are attempting to extend their influence in the unions in the State of Johore where the Federation unions are the weakest. The leaders of the national unions are aware of this threat and are taking steps to strengthen their own organizations in Johore.

Officers participating in the preparation of this despatch: John M. Farrior; Robert J. MacQuaid; Henry B. Siemer (USIS).

For the Consul General:
John M. Farrior
American Consul

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465. Editorial Note

On August 31, the Federation of Malaya celebrated its independence. The first Prime Minister of the new state of Malaya was Tengku Abdul Rahman, who had been Chief Minister of the Federation until independence. The American observers at the independence day celebrations were Under Secretary of State Christian A. Herter and Ambassador James P. Richards. Herter presented Prime Minister Rahman with a personal letter from Secretary Dulles, in which Dulles offered "the congratulations and warm good wishes of the Government and people of the United States of America on the occasion of the independence of the Federation of Malaya." (Department of State, Central Files, 797.02/8–3157) The first Malayan Ambassador to the United States was Dr. Ismail bin Dato Abdul Rahman, who flew to Washington immediately after the independence ceremonies and presented his credentials. The first American Ambassador to Malaya was Homer M. Byington, Jr., who was appointed on October 3, and presented his credentials on December 2.

Thailand

UNITED STATES INTEREST IN THE POLITICAL AND ECONOMIC STABILITY, MILITARY STRENGTH, AND INTERNATIONAL ORIENTATION OF THAILAND [1]

466. Memorandum From the Deputy Under Secretary of State for Political Affairs (Murphy) to the Secretary of State [2]

Washington, January 5, 1955.

SUBJECT

Proposed Visit of Thai Prime Minister [3] to Washington in April

The Thai Ambassador, Pote Sarasin, called [4] and informed me that he had received both a telegram and a lengthy phone call from his Prime Minister in Bangkok asking him to arrange with you and the President an appropriate time for him to call upon you in Washington and to return the visit of the Vice President.[5]

I said that of course we were glad to know that the Prime Minister was thinking of visiting Washington to call upon you and the President but perhaps his purpose might be served by the fact that the Secretary and he would spend some time together in Bangkok in February.

The Ambassador explained that the Prime Minister had not been out of Bangkok for twenty-seven years since his student days in Paris and that he felt it necessary to become familiar at first hand with the governments in Asia and Europe with whom he had aligned himself in the United Nations against Communist aggression. The Ambassador added that the Prime Minister would like to come directly to Washington in early April for a few days visit and then spend several weeks traveling informally to the principal points of interest in the United States. The Ambassador stated this travel

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[1] For previous documentation on U.S. relations with Thailand, see *Foreign Relations*, 1952–1954, volume XII, Part 2, pp. 647 ff.

[2] Source: Department of State, Central Files, 033.9211/1–355. Confidential. Drafted by Kenneth P. Landon of PSA.

[3] Field Marshal P. Pibulsonggram (Phibun Songkhram).

[4] Murphy's conversation on January 4 with Sarasin was recorded in a memorandum by Landon. (Department of State, Central Files, 033.9211/1–355)

[5] Vice President Richard M. Nixon visited Bangkok, October 27–30, 1953, as part of a good will tour of the Far East and South Asia. Extensive documentation regarding the trip is *ibid.*, 033.1100–NI.

would be at Thai expense. He would subsequently visit friendly Asian and European nations.

I said that of course in view of these circumstances we would want to do everything possible to arrange to receive the Prime Minister. In view of the heavy schedule of the President and the Secretary of State the matter of timing is important. Under the circumstances, we have little recourse but to welcome the Prime Minister in view of the reasons given by the Ambassador. A further consideration in favor of the visit is that he would be in Washington probably the first week of April just before the Afro-Asian Conference in Djakarta [6] and it might be an excellent opportunity to consult with him as to lines of action which he or his representative might follow to our joint advantage.

Protocol has consulted with the White House and has tentatively earmarked April 6, 7, and 8 as days most suitable in the President's schedule.

Recommendation:

That you approve the visit of the Thai Prime Minister to Washington for April 6, 7, and 8 [7] and that you initial the attached telegram to Bangkok.

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[6] Reference is to the Afro-Asian Conference held at Bandung, Indonesia, April 18–24.

[7] In a memorandum to Murphy, January 12, Dulles indicated that he approved the proposed visit. (Department of State, Central Files, 033.9211/1–1255)

In telegram 1899 to Bangkok, January 20, Ambassador Peurifoy was authorized to extend an invitation from President Eisenhower and Secretary Dulles to Prime Minister Pibulsonggram to visit Washington May 2–4 rather than April 6–8. Peurifoy reported in telegram 1750 from Bangkok, January 26, that he had extended the invitation and Pibulsonggram had accepted. (*Ibid.*, 033.9211/1–1555 and 033.9211/1–2655)

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467. Memorandum of a Conversation, Government House, Bangkok, February 22, 1955, 6–6:30 p.m.[1]

PARTICIPANTS

United States
The Secretary
Mr. MacArthur
Mr. Robertson
Ambassador Peurifoy

Thailand
Field Marshal P. Pibulsonggram

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[1] Source: Department of State, S/S Files: Lot 60 D 627, CF 428. Official Use Only. Drafted by Peurifoy.

SUBJECT MATTER

Call on Prime Minister

The Secretary opened his remarks with the Prime Minister by stating how happy he was to be in Bangkok.[2] He remarked that this was his first visit to Thailand and that he was pleased that Thailand was the host government at the current conference. The Secretary went on to say that both he and the President were looking forward to the Prime Minister's visit to the United States in May.[3]

The Prime Minister said that he was personally very honored and Thailand in particular by the visit of the Secretary and the fact that his country had been chosen as the site of the first meeting of the Council of the Southeast Asia Collective Defense Treaty Organization. He stated that he was indeed grateful for the Secretary's and the President's invitation to visit Washington on his forthcoming trip. He had never been in Washington before, nor the United States, and he was looking forward to this visit with a great deal of pleasure.

The Secretary took occasion to inform the Prime Minister that in the United States our really great resources lie with private capital and not with the US Government. He discussed American belief in "free enterprise" and the need for foreign governments to revise their laws in order to attract foreign capital. The Prime Minister said that his Government was very much interested in attracting private capital and had, in fact, borrowed from the Bank of America and the World Bank. He also hoped that oil companies and other American industry would be interested in investing in Thailand.

The Prime Minister touched on the situation in Laos by mentioning that the Government which existed there was, in his opinion, extremely weak and he recognized the need for doing something to help the country. The Secretary at this point told him that he hoped the Thai Government would facilitate the movement of products through Thailand with a minimum of red tape and expense to the Laotian Government. The Prime Minister said that his Government would do everything possible to aid its northern neighbor.

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[2] Dulles was in Bangkok for the initial meeting of the Council organized under the Southeast Asia Collective Defense Treaty. The meeting opened on February 23 and concluded on February 25.

[3] See Document 472.

468. Telegram From the Embassy in Thailand to the Department of State [1]

Bangkok, March 23, 1955—5 p.m.

2327. In recent conversation with Phibun [2] I referred request for 82 million dollars supplementary assistance for FY 1956 (Tousfo 836, March 17 [3]) casually dropped into my lap by Phao prior his departure for UK and US.[4] Phibun acknowledged he was vaguely aware some sort proposal under consideration. He attempted exculpate himself by relating that he had in recent Cabinet meeting urged Thai Government demonstrate somewhat more effective performance in economic field prior submitting new request to Americans. Phibun did not, however, assert he was unable prevent submission this request. I assured him President Eisenhower would be greatly interested and pleased to learn personally from Prime Minister that he had given such excellent advice to his government.

Prime Minister added he would much prefer increase in Thai exports to increase grant US assistance and strongly expressed hope it would be possible maintain and increase Thai rice exports to Japanese market which he considers presently being pre-empted by US.

I made following points with regard 82 million dollar request:

1. We had tried make clear in Bangkok, and Governor Stassen during recent visit [5] made it clear to Phao, no additional requests US assistance would be entertained until after Congressional action with regard FY 1956 appropriations.

2. I assumed this not an official request inasmuch as it had not been transmitted by either Prime Minister or Foreign Minister. I emphasized, however, we are perfectly willing and eager discuss such matters with Phao whom we hope enlist as constructive influence in formulation Thai economic policies.

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[1] Source: Department of State, Central Files, 792.5–MSP/3–2355. Confidential.

[2] March 18.

[3] In Tousfo 836 from Bangkok, the U.S. Operations Mission reported that General Phao Sriyanon, Director General of Police and Deputy Minister of Interior, proposed that the United States extend $82.5 million in supplementary assistance to Thailand during fiscal year 1956. Of this amount, Phao suggested that $61.1 million should be used for direct assistance for the Thai military forces, and the remaining $21.4 million should be used for economic projects designed to support the defense establishment in Thailand. (Washington National Records Center, FOA Files: Lot W–130, RG 56 A 632)

[4] General Phao visited the United States in March, but Thai Ambassador Sarasin was informed in Washington that the United States was not prepared to consider additional financial assistance for Thailand at that point, and Phao postponed his discussions with senior American officials until August. For memoranda of Phao's conversations on August 12 with Secretary Dulles and ICA Director John B. Hollister, see Documents 478 and 477, respectively.

[5] Harold E. Stassen was in the official party which visited Bangkok for the SEATO Council meeting, February 23–25. A copy of Stassen's report on his visit to Thailand and several other Asian countries, dated March 14, is in Department of State, U/MSA Files: Lot 56 D 551, MSP–Asia File.

3. I would accept this "request" for supplementary assistance as basis future analysis Thai requirements. However, in order be useful this purpose detailed analyses and justifications which are entirely lacking would have to be forthcoming.

I then turned urgent need for prompt implementation reforms in Thai fiscal and economic policies essential to maximum effective utilization Thailand's own resources as well as US aid. Yesterday I addressed letter prepared jointly by Embassy and USOM to Phibun outlining major reform measures which, in our view, should receive attention Thai Government and in which US prepared assist at Thai request. Copies letter being forwarded by despatch.[6]

Neither Sessions nor I under any illusions concerning rate at which it will be possible eliminate traditional corrupt practices which constitute not only heavy burden on Thai economy, but fundamental obstacle further effective development. Nevertheless, certain factors in local scene provide basis modest encouragement. Moreover, initiation substantial US economic assistance during current fiscal year provides much more powerful lever for enforcement sound principles than existed when US aid limited technical assistance. Inherent difficulties achieving basic reforms is, of course, immeasurably complicated by far reaching and delicate political implications such program.

Our patience, persistence and good fortune may in time yield rewards. Our persistence at least seems assured.

Peurifoy

[6] *Infra.*

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469. Despatch From the Embassy in Thailand to the Department of State [1]

No. 458 *Bangkok, March 24, 1955.*

REF

Embassy Telegram No. 2327, March 23, 1955 [2]

SUBJECT

Transmittal of Copy of Ambassador's Letter to Prime Minister re Thai Economic Policy

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[1] Source: Department of State, Central Files, 792.5–MSP/3–2455. Confidential.

[2] *Supra.*

The referenced telegram recorded the conversation which I had on March 18 with Prime Minister Pibulsonggram in which I outlined some of the measures in the economic field which the Government of Thailand might appropriately take for this purpose. The Embassy and USOM had given considerable thought to this subject and the recommendations contained in the enclosed letter written to the Prime Minister at the latter's request consequently constitute our combined best judgment. They were favorably received by the Prime Minister when orally outlined to him although the extent to which they may be translated into government policy and action remain to be seen.

I may remark, however, that recent measures of the Thai Government provide a basis for greater optimism in this respect. The most notable of these, reported in Embassy despatch No. 423, March 2,[3] have been Cabinet approval of the proposals of the Minister of Finance sharply to reduce government expenditures under the 1955 budget and of the Minister of Finance's request for earmarking of part of the U.S. defense support funds to finance a study by U.S. fiscal experts of means by which Thailand's system of public finance and fiscal management may be improved.

John E. Peurifoy

[Enclosure]

Letter From the Ambassador in Thailand (Peurifoy) to Prime Minister Pibulsonggram

Bangkok, March 21, 1955.

YOUR EXCELLENCY: I refer to our conversation of March 18 during which I reviewed with you the assumptions on which my government had expressed its willingness to make available additional assistance during the current U.S. fiscal year. Among these, as set forth by Mr. Harold Stassen, Director of the Foreign Operations Administration at Washington, in his letter of December 4, 1954 addressed to General Phao Sriyanonda,[4] was the understanding "that the Thai

[3] Despatch 423 was a 25-page appraisal of budget and financial data relating to Thailand for the period 1953–1955. Additional supporting detail was provided in nine enclosures attached to the despatch. (Department of State, Central Files, 892.10/3–255)

[4] Not found in Department of State files. An earlier draft of the letter, dated December 2, is *ibid.*, 792.5/12–254. The letter was based on a December 1, 1954, memorandum from Raymond T. Moyer, Regional Director for Far East FOA, to Stassen, printed in *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 738.

Government will make every effort to assure the best use of its own resources".

During our conversation I also noted with satisfaction the steps recently taken by your government to strengthen the economy of Thailand, such as the elimination of preferential rates of exchange, measures designed to tighten exchange control against capital flight, and the adoption of certain fiscal policies designed to reduce annual budget deficits. These are illustrative of measures which may contribute to the development of conditions under which Thailand's resources may be most effectively mobilized for economic progress and under which United States aid can be most effectively utilized.

In addition, I suggested, for your consideration, certain other measures which appear to me likely to enhance Thailand's ability to achieve maximum utilization of its own resources and thereby accelerate significantly the growth of its economy. At your request, I am pleased to outline the more fundamental of these proposals:

1. Development of a fiscal system which will insure that all sums spent for governmental purposes are appropriated by the National Assembly, pass through the national budget, and are subject to record and account when received or paid out of the public treasury.
2. Creation of a Budget Bureau under the direction of the Minister of Finance for the purpose of examining budget requests prior to the presentation to the National Assembly and of supervising expenditure of funds already appropriated.
3. Reliance by the government to a steadily increasing extent on the forces of competition in the fields of industry and trade.
4. Adherence to the principle of impartial specifications and the award to the lowest responsible bidder in purchases by the government.
5. Modification and continuous review of controls over exports of non-strategic commodities to insure that increasing latitude is afforded to private initiative to participate in the promotion and expansion of Thailand's exports.
6. Removal of import restrictions not specifically dictated by balance of payments considerations.
7. Acceleration of current steps to improve tax collections and reassessment of the impact of the present tax structure.
8. Adoption of measures to encourage the flow of savings into banking channels in order to augment available capital for industrial investment.
9. Liberalization, clarification and codification of laws and regulations relating to private foreign investment in Thailand.

Substantial progress in the areas suggested above, would, in my opinion, contribute significantly to:

(a) Maintenance of political and economic stability,
(b) Creation of a favorable atmosphere for the maximum utilization of grants-in-aid and technical assistance from the United States and other international sources,

(c) Making Thailand more attractive to foreign capital for both public and private projects.

The cordial cooperation and mutual trust which exist between the Governments of Thailand and the United States afford a unique opportunity to initiate at this time measures which would promote economic development, raise the standard of living and strengthen the independence of Thailand.

My government stands ready sympathetically to consider requests by your government for technical advice and assistance to move forward in the areas outlined above or in other allied fields which your government may suggest. For this reason, I welcome the proposal put forward on March 3 by your Minister of Finance to use part of the funds provided under the terms of Mr. Stassen's letter of December 4 for a study of means to improve Thailand's system of public finance and fiscal management.

Please accept [etc.]

John E. Peurifoy [5]

[5] Printed from a copy that bears this typed signature.

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470. Despatch From the Embassy in Thailand to the Department of State [1]

No. 492 *Bangkok, April 18, 1955.*

REF

Embassy Despatch 458, March 24, 1955 [2]

SUBJECT

Prime Minister's Response to U.S. Ambassador's Suggestions Concerning Thai Economic Policy

The referenced despatch transmitted a copy of my letter of March 21 addressed to the Prime Minister, recording at the latter's request the suggestions which I had orally proffered to him on March 18 as to measures which the Government of Thailand might appropriately take to assure the more effective use of its economic resources. As indicated in the referenced despatch, these suggestions had been favorably received by the Prime Minister when orally outlined to him.

[1] Source: Department of State, Central Files, 792.5–MSP/4–1855. Confidential.
[2] *Supra.*

I have just received a letter dated April 13 signed by the Prime Minister [3] expressing appreciation for my suggestions and indicating that these "coincide with the policy of the Government to improve upon public administration" in Thailand. A copy of this letter is transmitted herewith. Attention is invited to the fact that the Prime Minister is not entirely persuaded of the necessity of creating a Budget Bureau, as I had proposed, "under the direction of the Ministry of Finance for the purpose of examining budget requests prior to their presentation to the National Assembly and of supervising the expenditure of funds already appropriated". He says, in this connection, that the Comptroller General's Department within the Ministry of Finance is now charged with precisely these responsibilities. While this is very largely true as a matter of law, the fact is that large sums of revenue and expenditure are actually outside the controls exercised by the Comptroller General. My suggestion, therefore, was put forward after informal consultations between representatives of the Ministry of Finance and those of my Embassy and USOM precisely to emphasize the importance of such functions. Nevertheless, as the Prime Minister indicates, whether or not a new "Budget Bureau" is created or the Comptroller General's Department is reenforced is a matter of form rather than substance, provided the power of review of requests and supervision of expenditures is vested in a semi-autonomous governmental body. It is encouraging in this connection to observe that the Prime Minister refers, as had the referenced despatch, to the recent request of the Minister of Finance to earmark part of U.S. defense support funds to finance a study by U.S. experts of means by which Thailand's system of public finance and fiscal management may be improved.

Despite the Prime Minister's view that my suggestions coincide with the policy of his government in economic matters, it is obvious that many of these policies have still to be translated into action. With the formal indorsement which his letter now offers, we intend on every appropriate occasion to encourage Thai Government officials to carry out those policies.

John E. Peurifoy

[3] Attached but not printed.

471. Despatch From the Embassy in Thailand to the Department of State [1]

No. 496 *Bangkok, April 22, 1955.*

REF

Department's Circular Telegram 559, March 23, 1955 [2]

SUBJECT

U.S. Assistance in the Development of Forces Adequate to Provide Internal Security in Ccuntries Vulnerable to Communist Subversion

There is attached as Enclosure No. 1 a paper prepared for the Operations Coordinating Board in accordance with the outline contained in the reference instruction. The paper was drafted by . . . , JUSMAG and the Embassy in consultation with USIS and USOM.

It will be noted that the recommendations of the paper are for continuation of current efforts to improve administration, personnel and training in the Thai security forces rather than for any basic changes at this time in the present force basis and programs of military equipment. In contrast to the situation in a number of other countries vulnerable to Communist subversion, there has been underway in Thailand for some time a . . . program designed to create Thai police-type forces capable of dealing with subversive activity. It is recognized, of course, that changes in the program may prove to be desirable in the light of further experience with and improvements in the capabilities of the Thai security forces.

John. E. Peurifoy

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[1] Source: Department of State, Central Files, 792.5/4–2255. Top Secret.

[2] In telegram 559, the Chiefs of Mission to whom the telegram was sent were instructed "to have the country team, including representatives from FOA, MAAG (or service attachés) . . . prepare a report on the possibilities and requirements for U.S. assistance in increasing the effectiveness of police-type forces to deal with communist subversion and, in those countries where communist subversion has reached the stage of actual or potential large-scale insurrection, increasing the effectiveness of the regular armed forces to deal with communist subversion and insurrections." (*Ibid.*, 700.5/3–2355) The purpose of the exercise was to provide the OCB with the information necessary to formulate a concept for U.S. assistance in the development of forces adequate to provide internal security in countries vulnerable to Communist subversion. The OCB was given the task of developing such a concept by the National Security Council on December 21, 1954. (NSC Action No. 1290–d; *ibid.*, S/S Files: Lot 66 D 95, Records of Action by the National Security Council, 1954) For the country study on the internal security situation in Thailand, produced by an interagency working group for the OCB on January 4, 1956, see Document 484.

[Enclosure]

U.S. ASSISTANCE IN THE DEVELOPMENT OF FORCES ADEQUATE TO PROVIDE INTERNAL SECURITY IN COUNTRIES VULNERABLE TO COMMUNIST SUBVERSION

Thailand

I. State of Development of Threat of Subversion.

A. It is difficult to ascertain the exact extent of subversive activity in Thailand. It has been expected that, following the Communist achievements in Indo-China, they would undertake a large-scale subversive program against Thailand, but it appears that this has not yet been launched. Nevertheless, the threat of subversion is a very real one and represents a potential danger to Thailand.

B. Principal sources of potential danger are:

(1) The Chinese minority throughout Thailand principally concentrated in the urban areas. (The Thai security service claims to have identified over 2,500 members of the CPT and CCPT.)

(2) The Viet Minh minority in the Northeast Provinces.[3]

(3) Infiltration from Communist China, including the Thai Nationality Autonomous area in Yunnan.[4]

(4) Chinese Communist terrorist forces from Malaya supported by elements of the Min Yuen living in the Southern border area of Thailand.[5]

(5) Disaffected Thai elements in Thailand, particularly those in the Northeast, and those abroad, some of which are under Communist control.

C. The Communists have the capability of:

(1) Infiltrating agents to indoctrinate, organize and train indigenous forces.

(2) In conjunction with the above, of infiltrating small organized units from Communist China, Laos or Malaya to conduct small-scale guerrilla operations.

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[3] The Government of Thailand was concerned that the Vietnamese community in northeastern Thailand might become a base for Communist activities in Thailand. Documentation on Thai efforts to encourage the repatriation of Viet Minh supporters to North Vietnam, and American encouragement of those efforts, is in Department of State, Central File 751G.00.

[4] The Thai Autonomous Area in the southernmost part of Yunnan Province was established in 1953 by the Chinese Government as one of a large number of such ethnically-designated areas in China.

[5] The Min Yuen were the Communist-oriented Malayan guerrilla forces which operated on both sides of the border between Malaya and Thailand.

II. Adequacy of Indigenous Counter-Measures.

A. Recognition of the threat and will-to-act on the part of the local Government:

The Communist threat is recognized by Thai Government leaders and many educated Thais, and counter-measures are being taken. The will to act exists in some quarters but, especially at higher levels, is usually subordinated to personal considerations. Any action is largely predicated on continued support and guidance by the U.S. In addition, action is handicapped by the ignorance and lack of ability of many highly placed officials.

B. Capabilities of indigenous forces:

(1) For police type preventive activities:

a. The various sections of the C.I.D. responsible for the detection and identification of the Communist apparatus and other subversive elements are staffed by relatively capable and experienced police rather than intelligence officers. These sections are further hampered by over compartmentation and a lack of central file system or any method of cross referencing the vast body of accumulated but uncarded information now on hand. Much duplication of effort ensues and seldom can or do operational leads get the kind of cooperative attention from the various responsible division heads that such matters require.

b. The police are fully capable of rounding up and detaining all presently known Communist personalities and groups, including the approximately 40,000 Viet Minh sympathizers among the Vietnamese refugees in the Northeastern Provinces in the event that these became an open threat to Thailand. (Rounding up the Vietnamese would probably require the use of armed force.) However, it is generally agreed that many Chinese Communist leaders are not known to the security services and that private and business connections between Communist-inclined Chinese businessmen and police officers tend to vitiate the effectiveness of vigorous action.

c. Thai legal system appears to provide adequate means for the arrest, prosecution and enforcement of measures against persons engaged in Communist and other forms of subversion and sedition. The weaknesses lie in the actual operation of the legal system, particularly in the inefficiency and venality of officials and cumbersome, protracted trial procedures. However, despite any shortcomings of the legal system, the top Thai military-political leaders have always found means to deal with persons they consider a threat to their positions.

d. The Thai National Police which includes the Gendarmérie Patrol Force (border patrol) is by statute responsible for border security as well as internal security. The present organization of the Municipal Police, Provincial Police and the Gendarmérie Patrol Force (GPF) has the capability of handling all but major internal uprisings in which case the Army would step in. The GPF is not yet capable of directing and supporting a sustained action against border infiltration by

well organized guerrilla forces. The VDC (Volunteer Defense Corps), which is expected to have a strength of 18,000 by 1956, is still in the organization and training stage and has little if any present military capability.

(2) For military type action:

With present organization and dispositions the Army is believed capable of suppressing any spontaneous uprising, particularly in the urban areas. In the conduct of field operations against organized guerrilla forces the Army has at present only a limited capability.

C. Support of counter-measures by local population:

The Thai population is generally apathetic regarding the Communist threat. Their apathy is in part due to the debilitating influence of the climate and to the passivity engendered by Buddhism, but more importantly it is due to the lack of adequate information regarding Communist techniques and purposes. This lack of understanding can be attributed in part to the low level of education and the lack of contact with the outside world among rural Thais. However, the situation has been improving somewhat as a result of an indoctrination program undertaken by the Thai Government with USIS initiative and support. Although the Thai people would probably volunteer little support for counter-measures, most Thais would probably obey the instruction of local representatives of the central government in supporting counter-measures, except in limited areas in which popular local leaders, disaffected with the central government succeeded in alienating the local population. The VDC recruited at the village level throughout Thailand can with continued indoctrination be expected to help to create an increasing awareness among the local population of the nature of the Communist threat.

The Viet Minh sympathizers among the Vietnamese refugees in the northeast would probably support Communist guerrilla operations in their area and would furnish a source of recruits if there were any indications of Communist success. Some Chinese would assist the Thai Government in its efforts to combat Chinese Communist subversive elements, although the majority would attempt to remain uncommitted. The hill tribes in Thailand, who have no political loyalties or awareness, would provide a limited amount of intelligence to whichever side could gain their friendship or pay them. Hill tribe areas might provide a base for guerrilla operations.

III. Analysis of Local U.S. Programs of Assistance Which Support or Could be Adjusted to Support Indigenous Counter-Measures Outlined in II Above.

A. The present JCS troop basis is designed to:

(1) Preserve internal security.
(2) Deter external aggression.

It is believed that the present force units are adequate in organization and equipment if properly trained, led and supported. Weaknesses are lack of an honest and competent administration, training

deficiencies, a large number of incompetent and unqualified higher officers and officials, and the inability of the high command to plan, execute or support military operations.

B. The present GPF and VDC training programs are designed to:

(1) Increase the internal security potential of the police.
(2) Provide forces to maintain border security.
(3) Provide forces able to combat infiltration and to conduct successful anti-guerrilla action in the event infiltration is accomplished.
(4) Provide forces (VDC) to act as a reserve for the regular Army and Police forces.
(5) To provide an indoctrination channel from the government to the local populace and a channel for information flow from isolated areas to the government.

As with the Army, it is believed that the present force units are adequate in organization and equipment if properly trained, led and supported. Present weaknesses are lack of competent administration, lack of adequate staff and command structure and, in high places, a lack of understanding of the need for same, training deficiencies, and inadequate communications personnel.

C. The psychological offensive being undertaken by the Thai Government with the assistance of USIS is designed to indoctrinate government officials, Buddhist monks, teachers, members of the armed services and the general public with the evils of Communism and the dangers of Communist subversion, and at the same time to arouse in the people a greater awareness and appreciation of Thailand's national heritage as an independent nation, the efforts of the Thai Government to promote the well-being of the people, and the important role Thailand is playing as a member of the Free World. This indoctrination is necessarily a slow educational process.

IV. Recommendations.

A. That no major change in the present force basis be made.

B. That efforts be continued to vitalize the command and staff of the military and police forces.

C. That junior officer and specialist training (commo, intell, etc.) be emphasized in the GPF and in the Thai military services.

D. That "defense orientation" courses be continued as an integral part of the training cycle of the GPF, VDC and military forces.

E. That the Thais be encouraged to continue the psychological offensive program over a period of years in order to achieve a basic appreciation of the Communist threat.

F. That when the state of training and administration warrants it, a program to cache stacks of specialized arms and equipment for unconventional warfare be instituted.

472. Memorandum of a Conversation, Department of State, Washington, May 3, 1955 [1]

SUBJECT

Call on the Secretary by Field Marshal P. Pibulsonggram, Prime Minister of Thailand

PARTICIPANTS

The Secretary
His Excellency Field Marshal P. Pibulsonggram, Prime Minister
The Honorable Dr. Rak Panyarachun, Deputy Minister of Foreign Affairs
The Honorable Mom Luang Peekdhip Malakul, Director General of Protocol, and Ministry of Foreign Affairs
The Honorable Lt. General Mom Luang Kharb Kunjara, Secretary General to the Prime Minister
His Excellency Pote Sarasin, Thai Ambassador
The Honorable John E. Peurifoy, U.S. Ambassador to Thailand
Walter S. Robertson, Assistant Secretary, Far Eastern Affairs
Rockwood H. Foster, Thai and Malayan Affairs, Department of State

The Prime Minister called on the Secretary in order to convey his respects and that of his Government.

The Prime Minister expressed his deep appreciation to the Secretary for the warm hospitality extended to him in the United States, and presented the Secretary with a silver bowl as a token of his esteem. The Secretary thanked him warmly for the beautiful gift.

The Prime Minister was asked if subversive efforts against Thailand had increased or decreased since Prince Wan had read his excellent paper on the subject [2] at the Manila Pact Conference in Bangkok. The Prime Minister replied that no decrease was evident, and the level of subversive efforts continued as before.

The Prime Minister stated that Prince Wan had spoken with Chou En-lai at Bandung and that Chou En-lai had asked Prince Wan to visit him in Peking and meet with Pridi Phanomyong.[3] Chou En-

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[1] Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Foster.

[2] A summary of Prince Wan's remarks before the conference on this subject were transmitted in Secto 9 from Bangkok, February 23, which is scheduled for publication in the multilateral compilation in volume XXI.

[3] Pridi Phanomyong was the leader of the Free Thai underground resistance movement against the Japanese during World War II. He was Prime Minister of Thailand from March to August 1946, and went into exile in China after leading an unsuccessful attempt to overthrow the Pibulsonggram government in February 1949. Thereafter, Pridi was a continuing source of concern to the Thai Government. Thai officials were concerned that Pridi might be used by the Chinese Communists to launch a "Free Thai" movement, based on the Thai Autonomous Area of Yunnan, to undermine the Government of Thailand. An assessment by the Embassy in Bangkok of Pridi and his potential for political disruption in Thailand is in despatch 564 from Bangkok, June 10. (Department of State, Central Files, 792.00/6–1055)

lai had informed Prince Wan that Pridi was not the leader of the Thai autonomous area in southern Yunnan, but was merely living in Communist China as a refugee. The Prime Minister expressed the opinion that he did not believe Chou En-lai's statement on Pridi's real status in Communist China and that he had cabled Prince Wan instructing him not to visit Peking. A message had been received back from Prince Wan replying that he would not accept the invitation.

Chou En-lai had attempted to convince Prince Wan at Bandung that Communist China was not hostile to Thailand. The Prime Minister expressed the opinion, however, that Communist China had not decreased its efforts to subvert Free Southeast Asia and considered the Viet Minh position in the two northern provinces of Laos to be a spearhead aimed at the rest of mainland Southeast Asia.

Prime Minister Pibulsonggram consented to a flight over Thailand without landing on June 24, Thai National Day, by U.S. air force planes based on Guam. There followed a general discussion of the possible route which such an overflight might follow, perhaps over Viet-Nam, Cambodia, or Laos. The opinion was expressed, however, by Mr. Robertson that the gain for the Free World from this overflight might not be commensurate with the propaganda opportunity given to the Communists. The Prime Minister made no reply to this observation.

The Prime Minister expressed his appreciation for the fine cooperation which U.S. organizations in Thailand had given to his Government, and expressed his pleasure at the channels which had been set up between himself and Mr. Dulles.

In closing, Ambassador Peurifoy informed the Secretary of the commendable efforts being made by the Prime Minister to utilize U.S. aid more efficiently through reforms in the Thai Government and adjustment of the Thai national budget.

The visit ended with an exchange of courtesies and appreciation of the hospitality extended both by the United States to the Prime Minister during his current visit, and by the Thai Government to the Secretary of State at Bangkok during the Manila Pact Conference.

473. Despatch From the Embassy in Thailand to the Department of State [1]

No. 557 *Bangkok, June 8, 1955.*

SUBJECT

Visit of Baldwin Rice Mission [2]

Summary

The very considerable contribution which the US Delegation headed by Deputy Assistant Secretary of State Charles F. Baldwin made towards clarification of US agricultural surplus disposal policies and a better understanding between the US and Thailand in a most sensitive field is very clearly reflected in the chronology of the press treatment of this Mission's visit, May 27 to June 4.

In substance this record indicates that prior to this visit the Communists were beginning successfully to exploit Thai fears of inundations of their traditional markets by American rice. Considerable public interest therefore was aroused as to the purpose of the visit, with frequent deliberate distortions. Some papers anticipated the Mission would engage in purchases of Thai rice for dollars to meet relief requirements in Southeast Asia, notably Laos and Cambodia; whereas others intimated that the Mission's primary objective would be to threaten Thai Government officials with termination of American aid if they were to offer any resistance to increased disposals of American rice in the area. The press statements issued by the Baldwin Mission on its arrival and departure from Rangoon [3] were therefore widely reported in the Thai press and thus prepared the turning of public opinion. The emphasis in these communiqués, repeated by the Mission on its arrival in Bangkok, was on the sympathetic understanding of the US as to the significance of rice in the Thai economy and the US resolve to seek through mutual consultation to encourage an increase in consumption of rice throughout the world. This contributed much to allay Thai fears. Finally, but most importantly, as a result of the frankness of the discussions between the Mission and the Thai Government officials, the latter were persuaded of the sincerity of the US concern with the well-being and future of the Thai

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[1] Source: Department of State, Central Files, 411.9241/6–855. Official Use Only.

[2] A delegation headed by Charles F. Baldwin visited Rangoon in May and Bangkok during the first week in June for consultations with Burmese and Thai officials concerning the world rice surplus. A letter to Baldwin from Murphy, May 14, instructed him to explain that the United States wished to dispose of up to 230,000 tons of surplus rice in Asian markets during the current rice-marketing year and to offer assurances that precautions would be taken to avoid harming Burmese and Thai interests. (*Ibid.*, 411.90B41/5–1455) Regarding the visit by the Baldwin mission to Rangoon, see Document 8.

[3] Not found in Department of State files.

economy. Of their own initiative, these Thai officials took positive steps publicly to reaffirm and underscore the salient points made in the Mission's press statements. In consequence, at least for the nonce, the Communists' ability to use rice as a symbol of conflict between Thailand and the US has been substantially reduced. Fortunately, market conditions for Thai rice simultaneously have improved and the immediate impact of any sales of US rice in Asia diminished. This happenstance may not be relied upon to recur.

The extensiveness of the press treatment given the Mission's visit, therefore, underscores the importance which Thailand attaches to US agricultural surplus disposal policy and the imperative need for the US steadfastly to adhere to the precepts for such disposal enunciated by the Dodge Council [4] and so effectively communicated and expounded by the Baldwin Mission. It also demonstrates the political wisdom, in the US interest, of consulting periodically with Thailand on such policies.

[Here follow a chronology and discussion of the coverage accorded the visit of the Baldwin mission by the Thai press.]

Conclusions

The consultations clearly served manifold purposes. In addition to confirming to the Thai Government the awareness on the part of the US of the importance of the latter's agricultural trade policies on Southeast Asian economies, the very presence of a mission despatched from Washington and headed by a Deputy Assistant Secretary of State underscored the sincerity of this US awareness and concern. This was most reassuring to the Thai officials. Moreover, through the medium of direct consultations by experts of the two Governments, a better understanding of the problems peculiar to each was reached. Finally, the Thai officials were enabled more clearly to place in perspective the significance of US programs and to speak with greater assurance to their compatriots and the press.

The importance of the precedent established by the Baldwin Mission cannot be underestimated. It would of course be premature and Pollyannish to anticipate that Thai fears have definitely been laid at rest. On the contrary, Thai Government officials will continue critically to examine particular surplus disposals made by the US, henceforth in light of the criteria and precepts of the Dodge Commission which Mr. Baldwin outlined to them. Any deviations from these principles may well provoke cynicism and mistrust greater than that which preceded the Mission. Moreover, anti-American and anti-

[4] On April 29, the Council on Foreign Economic Policy, chaired by Joseph M. Dodge, established precepts to govern U.S. rice sales to Asia. The Dodge Council precepts were outlined in Murphy's letter to Baldwin cited in footnote 2 above.

Thai Government papers may be relied upon to continue their efforts to exaggerate and distort the issues.[5] But these efforts have been made more difficult and the favorable impression left by the Mission is likely long to remain.

For the Ambassador:
Harry Conover
Counselor of Embassy
for Economic Affairs

[5] Indeed, as evidenced in three press commentaries which have accumulated in the course of the preparation of this despatch and which are transmitted as Enclosures 10 and 11, this effort has been resumed. [Footnote in the source text. The 11 enclosures, attached to the source text but not printed, were excerpts from the Thai press relating to the Baldwin rice mission. Enclosures 10 and 11 concerned editorial comment by the *Sathiraphap* and *Phim Thai* newspapers expressing doubt about the promises made by the Baldwin mission.]

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474. Letter From the Acting Officer in Charge of Thai and Malayan Affairs (Foster) to the Ambassador in Thailand (Peurifoy) [1]

Washington, June 22, 1955.

DEAR MR. AMBASSADOR: [Here follows a description of a mock evacuation exercise undertaken by the Department of State earlier in June.]

In between test exercises I had a chance to do some thinking and one thing began to bother me somewhat. I do not wish at this time to put the matter into an official telegram because of the wide distribution it would get, and the resultant hysteria which matters such as this sometimes invoke. I would, however, like your informal views.

I have noticed signs that the Thai Government, ever since the Bandung Conference, has apparently initiated an international political hedging operation in its relations with us and our friends.

While Phibun is issuing a steady stream of militantly anti-Communist statements at the various capitals he is visiting, Prince Wan is sedulously spreading the impression that he has been softened personally by Communist professions of good faith and is generally assuming a weak-kneed role. General Romulo has particularly noticed

[1] Source: Department of State, SEA Files: Lot 58 D 207, Thailand (Bangkok) Correspondence (1955). Secret; Official–Informal.

this, and warned the Secretary about Wan's attitude in his usually forthright way. Your recent letter to Ken voices the same warning.[2]

The latest and most interesting move in this business is your 3134,[3] where Phao apparently went out of his way to give you the same warning, while at the same time showing you where he stood by revealing in confidence the details of his alleged end run around Wan to the Prime Minister.

I think it highly unlikely that Wan with his long experience in diplomacy would be personally beguiled to this extent by Chou En-lai's personal charm in one meeting. Wan's previous devious history, his uncanny facility for sensing the domestic political winds, and his incredible ability to survive for almost twenty years under varying Thai foreign policies leads me to suspect his present behaviour not only is carefully deliberate but with the tacit consent of the cabinet. He would make the logical counterfoil to offset the public pro-Americanism of Phao and Phibun.

Assuming for the moment that the above thesis is correct, what has caused the Thai to begin reverting to their historic policy of having at least a toe in either camp? I would guess a combination of circumstances ranging from, the expected emasculation of FOA, disappointment at the lack of teeth in SEATO (Wan was instructed to obtain a NÂTO at Manila and failed), evidence of Chou's supremacy over Nehru at Bandung, Quemoy and Matsu, the alarming weakness of Japan, and the sweet reasonableness prevading the air in expectation of the forthcoming Summit talks.[4] Phao's suggested visit to Washington may also be a wind sniffing operation on the Hill with his contacts greased by his counsel. Incidentally, I should think you could grease these pretty well yourself for him and gain merit thereby.

I do not at present see any opportunity to reverse this drift although it may be decelerated somewhat by personal suasion. Our policy of appearing more peaceful than the Communists perforce precludes for the moment any diplomatic or military muscle-flexing of a nature calculated to impress the Thai. Such a show of strength may now only be effective with the Thai in connection with problems other than those within Thailand. The Thai are scared of the Chinese and dislike them thoroughly, but as long as Burma, Laos,

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[2] An apparent reference to Kenneth T. Young. The letter has not been found in Department of State files.

[3] In telegram 3134 from Bangkok, June 21, Ambassador Peurifoy reported on a conversation with General Phao Sriyanon in which Phao expressed his disappointment with Prince Wan's relations with Chou En-lai at Bandung. Phao claimed to have elicited from Prime Minister Pibulsonggram a warning to the rest of the Thai Government against any contacts with Peking or Hanoi. (Department of State, Central Files, 751G.00/6–2155)

[4] Reference is to the Summit Conference at Geneva, July 18–23.

Cambodia, and Vietnam give Thailand as little protection as they do now, the Thai, having flyspecked the Manila Pact commitments, realize that diplomatic realities must prevail over abstract principles. I am afraid the Thai have decided that we cannot now be entirely trusted to defend them as we were at the time of Korea.

This letter is entirely too long for a busy Ambassador, but your considered opinion on this business will help me to stack the deck in our direction for the next deal. Needless to say any additional evidence proving me right or wrong will be very useful.

[Here follow personal remarks.]

With best regards to you and yours,

Sincerely,

Rockwood H. Foster [5]

[5] Printed from a copy that bears this typed signature.

475. Telegram From the Embassy in Thailand to the Department of State [1]

Bangkok, July 14, 1955—7 p.m.

130. In private conversation with General Phao last night, he asked me abruptly if I would like to have him start a revolution, said coup party was very dissatisfied with Phibun. His only explanation was that Thailand should become a full democracy which he indicated was in line with US objectives.[2] Phao implied that move of some sort to oust Phibun was imminent and that he (Phao) had strong backing to remove or replace Phibun.

I told Phao emphatically that my recent advice to him, with reference to the possibility of coup within the Army and its serious implications, held good in this instance. I also said that, as one friend to another, I really doubted that he wanted the burdens of prime ministership and believed he preferred role of king maker to king; that I frankly did not think he was now qualified for job. I emphasized that US Government supported present Thai Government and its rec-

[1] Source: Department of State, Central Files, 792.00/7–1455. Secret; Priority; Limited Distribution.

[2] According to the analysis of Embassy officials in Bangkok, as outlined in despatch 81, August 9, Phao's suggestion came as a consequence of a serious political crisis in Thailand in June in which Phao failed in an attempt to secure the dismissal of Thai Army Commander-in-Chief Sarit Thanarat. (*Ibid.*, 792.00/8–955)

ognized head; that, while internal politics a Thai affair, if government reconstituted by force US would have to reconsider its relationship with Thai Government and that US strongly supports goal of democracy but coup would be poor start; moreover, that Thailand probably not yet ready for full democracy which should be developed gradually.[3]

Phao obviously had been drinking and was in jovial mood, but did not appear to be joking. He took my remarks with good grace. It may be that he is again trying his tactics out on me for size. We have very little indication from other sources that trouble is brewing at the moment. . . .

Peurifoy

[3] In telegram 167 to Bangkok, July 15, the Department of State concurred that "ouster Phibun detrimental this time particularly on heels recent successful US visit." (*Ibid.*, 792.00/7–1455)

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476. Telegram From the Embassy in Thailand to the Department of State [1]

Bangkok, August 2, 1955—5 p.m.

287. I have had 2 rather nebulous recent conversations on subject U.S. aid, one with Prince Wan and other with Phao. Each has referred vaguely necessity amending terms our aid agreements with Thailand with view providing larger proportion assistance in "soft goods" rather than military hardware and securing commitments for continuing U.S. assistance over period years.

I have reiterated to Wan and Phao Congress appropriates funds only on annual basis. I have also endeavored unsuccessfully obtain clearer idea type U.S. assistance Thailand Government would consider itself entitled and which is not or could not be made available under current arrangements. As yet, no specific formal requests have been presented through diplomatic channels to me.

My impression is that Thailand leaders moved by vague yearnings for situation not so embarrassingly organized into "programs" and in which funds would be dropped uncritically into their laps to be dispensed in their own enlightened way. Perhaps more importantly, they may also be troubled by some dim prospect Cold War may

[1] Source: Department of State, Central Files, 792.5–MSP/8–255. Secret.

begin to thaw. Consequently it would behoove Thailand capitalize utmost on its bargaining position at this time.

Manifestations prevailing psychology reflected in amorphous programs for economic development and for development police and other internal security forces which have been recently outlined informally by Phao to representatives U.S. agencies directly responsible these fields. Thailand approach in recent conversations has been distinguished by willingness appraise their requirements in most sweeping and generous dimensions and by blithe determination not to be inhibited by lack serious studies and justifications with which substantiate such estimates.

Today Embassy received copy brochure being carried to Washington by Phao to lend substance to "Thailand's need for supplementary assistance during F.Y. 56".[2] Summary requests a modest 136.7 million dollars for defense support, 105.6 million dollars for direct forces support; a neat total of 242.3 million. With regard improving security forces Phao has prepared program which over 10 year period estimated require investment 75 to 100 million dollars.

Since I suspect some richly orchestrated variations on aid theme will be rendered during forthcoming U.S. visit of Phao, I hope Mr. Hollister [3] will find time see Phao when he is in Washington. In light fact Thailand Government advisers extremely knowledgeable regarding U.S. Government procedures Thais obviously have no serious hope gaining full acceptance programs this magnitude after Congressional consideration foreign aid appropriations concluded. Nevertheless, in my opinion, it would be extremely desirable at this point in international developments reassure Thailand, which remains keystone U.S. position Southeast Asia, of our continuing and sympathetic interest in development Thailand. I hope Phao will be told although it impossible make commitments magnitude which he may suggest we are nevertheless prepared consider jointly individual projects on their merits and within limitations funds now made available for F.Y. 56 it will be possible initiate those projects for which adequate engineering and economic justification can be made.

Peurifoy

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[2] No such brochure has been found in Department of State files.

[3] A memorandum of Phao's conversation with Hollister is *infra*.

477. Memorandum of a Conversation, Department of State, Washington, August 12, 1955, 10–10:30 a.m.[1]

PARTICIPANTS

Ambassador Sarasin
General Phao
Mr. Thambu
General Phao's Aide
Mr. Hollister
Mr. FitzGerald
Mr. Loren

Mr. Hollister welcomed General Phao and indicated that he and Mrs. Hollister tentatively planned to visit Thailand in October. He expressed the hope that either Under-Secretary Hoover or Assistant Secretary Robertson would be able to make the trip at the same time.[2]

General Phao stated that the Prime Minister had requested him to make a courtesy call on Mr. Hollister as head of the new agency which will be responsible for administering U.S. assistance to Thailand.[3]

In describing Thailand's situation, General Phao indicated that the economy is experiencing a "decline" as a result of the reduced price of rice exports, the source of about 75% of the country's foreign exchange earnings. Thailand's market is limited because of the country's refusal to trade with the Communists. Prices of other important Thai exports, rubber and tin, have recently risen slightly, but the Thai anticipate keen competition in marketing these products in the future. On the other hand, Thai military expenditures have increased. As a result of the intensified training program, operating costs of the military establishment are mounting. General Phao emphasized that in these circumstances Thailand is dependent on U.S. assistance and expressed the hope that the level of aid would be maintained and, if possible, expanded.

Mr. Hollister asked if the training and mechanization of the Army would make it possible to reduce the number of soldiers. The

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[1] Source: Department of State, FE/SEA Files: Lot 59 D 369, Visit of General Phao Sriyanon. Confidential. Drafted by Loren on August 15.

[2] Together with Hoover, Hollister visited several Far Eastern countries during October. Hoover left the tour at Manila and only Hollister continued on to Djakarta and Bangkok. Hollister reported on his meetings on October 22 with Thai officials in Polto 42 from Bangkok, October 23. (*Ibid.*, Conference Files: Lot 59 D 95, CF 538) Additional information on the Hoover–Hollister trip is *ibid.*, Central Files, 110.12–HO, and Conference Files: Lot 59 D 95, CF 534–CF 541.

[3] The Foreign Operations Administration was abolished by Executive order on June 30, 1955, and its functions were transferred to the International Cooperation Administration.

General said that this would not be possible; that JUSMAG had advised Thailand to maintain 10 regimental combat teams.

General Phao described the need for strengthening the Gendarmérie Police Force and commented on this organization's work. Mr. Hollister indicated that he was aware of the accomplishments of the Thai, and of General Phao personally, in this respect.

The General observed that because of some superficial appearances, Thailand might appear to be prosperous. However, the general level of living is low and economists see many weaknesses in the Thai economy. He noted that Ambassador Peurifoy and visiting U.S. Senators had stressed the importance of Thailand's helping its neighbors, Laos and Cambodia. The Thai wonder in what way they can help when their neighbors are receiving more U.S. assistance than Thailand.

The General and Ambassador Sarasin expressed their regret at the death of Ambassador Peurifoy.[4] Because of his quick grasp of the situation and his understanding of conditions in the area, they feel his death is a great loss to both our countries.

The General stated that details regarding the situation in Thailand would be submitted through Ambassador Sarasin. He suggested that any questions which Mr. Hollister might have on these details be discussed with Mr. Sessions who is fully informed on Thai economic conditions.

Mr. Hollister stated that he was sympathetic to Thailand's situation and that this view was shared by the Congress and people of the U.S. He said that he and Mr. FitzGerald were currently reviewing: first, what we could do and, secondly, what we ought to do, within the limitations of appropriations made available by the Congress. It was not possible, therefore, to make any commitments regarding levels of aid at this time.

In replying to a specific question regarding the $12.2 million authorized for additional direct forces support to Formosa and Thailand,[5] Mr. Hollister stated that this was a complex situation now being studied by the General Counsel and that it was too early to answer the question.

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[4] Ambassador Peurifoy was killed in an automobile accident on the outskirts of Bangkok on August 12.

[5] The Mutual Security Act of August 26, 1954, provided a maximum of $700 million in direct forces support for fiscal year 1955 to be distributed at Presidential discretion to those countries of Southeast Asia and the Western Pacific deemed to be threatened by Communist aggression. (68 Stat. 832) Of the $700 million provided for in the Act, $7,860,000 was provided in direct forces support to Thailand in fiscal year 1955. The Mutual Security Act of 1955, enacted on August 2, 1955, provided for an additional $12,200,000 in direct forces support for Thailand and Formosa. (69 Stat. 435)

General Phao inquired about Mr. Session's replacement. Mr. Hollister replied that Mr. Sessions had accepted the position for one year only and that a successor had not yet been appointed.

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478. Memorandum of a Conversation, Department of State, Washington, August 12, 1955 [1]

SUBJECT

Conditions in Thailand and Relations with Cambodia and Laos

PARTICIPANTS

General Phao Sriyanon
His Excellency Pote Sarasin, Ambassador of Thailand
Colonel Siddhi
Secretary of State
PSA—James D. Bell, Acting Director

Ambassador Sarasin conveyed to the Secretary his condolences and those of his Government on the death of Ambassador Peurifoy. The Secretary remarked that Ambassador Peurifoy's death was a great loss and that the Ambassador, an exceptionally able man, had already had a brilliant career at a relatively young age.

The Secretary stated he understood that General Phao had had a conversation earlier with Mr. Hollister.[2] General Phao stated that he had talked to Mr. Hollister and found him sympathetic to Thailand's problems.

Ambassador Sarasin stated that in conversation with Ambassador Peurifoy General Phao had learned of our desire that Thailand strengthen its relationships with its neighbors, particularly Cambodia and Laos. The Secretary stated that this was the case and recalled that Thailand had in fact recently taken a number of actions along this line. General Phao stated that he had arranged for training police from both Cambodia and Laos. Ambassador Sarasin referred to the recent transit agreement for goods coming in and out of Laos. Ambassador Sarasin then asked if the Secretary had further suggestions for action along these lines. The Secretary said that we placed a good deal of importance on the strengthening of relations of all the States in the area and said that we would like to see the Lao Government strengthened in its struggle against the Pathet Lao. Ambassador Sarasin stated that he believed that aid and assistance provided through

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[1] Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Official Use Only. Drafted by Bell.

[2] See *supra*.

Thailand would possibly be more acceptable than aid from a Western country.

The Secretary asked General Phao for his estimate of the situation in Cambodia. General Phao said that he believed that Prince Sihanouk Norodom was losing ground and might even be in danger of losing the elections. He attributed this in part to the fact that Sihanouk having once been King lacked the ability to establish close contact with the people. It was General Phao's view that Sihanouk had been greatly influenced by Nehru during his visit to India. He thought that Sihanouk as a result had moved away from an anti-Communist position and had become more neutralist. General Phao said that he had discussed the Cambodian situation with Ambassador Peurifoy and had inquired as to which element in Cambodia we thought Thailand should support. He said Ambassador Peurifoy had agreed that it was probably desirable to support both Sihanouk and Son Ngoc Thanh.[3] He said that if Son Thanh were to win the election he wanted to be in a position to influence him to support the West. He said that Son Ngoc Thanh was not a Communist but that if he were ignored by the anti-Communist world he might well be converted by the Viet Minh.

[3] Son Ngoc Thanh, leader of the Democratic Party of Cambodia, which unsuccessfully opposed the government of Prince Sihanouk in the Cambodian elections of September 1955.

479. Memorandum From the Director of the Office of Military Assistance Programs (Wilson) to the Assistant Secretary of Defense for International Security Affairs (Gray) [1]

Washington, August 15, 1955.

SUBJECT

Summary of the MDA Program for Thailand

1. On 17 October 1950, a Mutual Defense Assistance agreement [2] was concluded between the governments of Thailand and the United States which is the basis for the military assistance now being

[1] Source: Washington National Records Center, OASD/ISA Files: FRC 60 A 1025, 091.3 Thailand. Secret. Drafted by Lieutenant Colonel D.G. Schepp of the Office of Military Assistance Programs.

[2] The text of this agreement was transmitted to the Department as an attachment to telegram 267 from Bangkok, October 17, 1950. (*Ibid.*, Central Files, 792.5–MAP/10–1750) It is also printed in 3 UST 2675.

provided Thailand. At the beginning of the MDA program for the Thai armed forces in 1951, these forces had practically no combat capability. Their components were equipped with a collection of varied and often antiquated weapons and equipment of U.S., British, Japanese, Swedish, and other foreign origin. As a result of the MDA program, the armed forces have been modernized and equipment generally standardized and the forces, while still incapable of repelling an invasion of the size the Communists could mount, can safeguard internal security. By its very existence it acts as a deterrent to overt aggression.

2. Since 1951 the Royal Thai Army has been built up from 27,360 to 87,360 and is organized in ten regimental combat teams and supporting forces, such as Ordnance, Signal, and Engineer companies. The Thai Navy and Marine Corps have been raised from a force of 12,000 to 15,000 during the same period and are built around an anti-submarine warfare squadron, a mine warfare squadron, a patrol squadron, and a service squadron and three Marine Corps battalions. The Thai Air Force has progressed from 5,336 men and a diversified collection of aircraft to a modern air force of 16,997 organized into five F8–F fighter-bomber squadrons with supporting units.

3. The status of the FY 1950–55 MDA programs, in support of the above forces, is as follows (in millions of dollars):

	Matériel Programmed As of 30 June 1955	Shipped As of 31 May 1955	Percentage Shipped
Army	$119.2	$77.7	66
Navy	30.4	21.8	72
Air Force	65.1	41.4	64
Total	$214.7	$140.9	66

	Training Programmed As of 30 June 1955	Completed As of 31 May 1955	Percentage Completed
Army	$2.2	$.9	41
Navy	.6	.4	69
Air Force	2.0	1.5	75
Total	$4.8	$2.8	58

The following program increases are reflected in the above:

a. During the revalidation of the FY 1950–54 MDA programs, approved 11 January 1955. $27.7 million for matériel was added to the Thailand programs by diversion from other country programs.

b. Since the revalidation, an additional $6.5 million covering ammunition and landing craft, redistributed from Indochina, has been added.

4. These programs include unit equipment, training ammunition, equipment for the replacement of peacetime attrition losses, 60 days war reserve ammunition, and maintenance spare parts for the Thai Army; 3 patrol craft, 12 landing craft and 3 subchasers for the Thai Navy; and 189 F8–F, 6 T–33A, 3 RT–33A, 3 C–47, 30 T6–F, and 31 F84–G aircraft for the Thai Air Force. Most of the essential unit equipment for the Army has been delivered with the balance of matériel programmed, mostly ammunition, scheduled for delivery by the end of this calendar year. All of the vessels programmed for the Navy have been delivered except two subchasers which will be delivered by September 1955. All the aircraft except the F–84G, T–33A and RT–33A jet aircraft have been delivered. With the receipt of the jet trainers (T–33A) the transition and conversion from conventional (F8–F) aircraft to jet aircraft can be started.

As a result of a visit to the United States in 1954 by General Srisdi,[3] Deputy Minister of Defense and Commander in Chief, Royal Thai Army, Thailand was granted an additional $25 million in military assistance. $12.8 million of the $25 million is included in the matériel programs above. The balance, $12.2 million was transferred to the Foreign Operations Administration for defense construction projects. Recently these projects and the funds to cover them have been returned to the Department of Defense as part of the Direct Forces Support Program for Thailand discussed in paragraph 6 below.

[3] Regarding the visit of General Srisdi to the United States in July 1954, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, pp. 727–748, *passim*.

5. The proposed FY 1956 MDA program includes a training program in the amount of $3.4 million. There is no matériel program planned for FY 1956.

6. Supplementing the MDA matériel and training programs for Thailand is the Direct Forces Support program now under the cognizance of the Department of Defense. While the FY 1950–55 DFS program was approved and funded, no implementing action had been taken by FOA. The Department of Navy, as executive agent, has been assigned the responsibility for the implementation of the Direct Forces Support program in Thailand. Implementing instructions have been issued to the Department of Navy regarding the FY 1950–55 DFS program for Thailand which amounts to the value of $18.2 million in U.S. and local currency. The details of this program are attached as Tab A.[4] The proposed DFS program for FY 1956 amounts to $8.2 million, the details of which are included in Tab B.[4]

In addition to the proposed $8.2 million FY 1956 DFS program, the 84th Congress appropriated $12.2 million as additional direct forces support for Formosa and Thailand. The division of the $12.2 million between Formosa and Thailand has not been determined as yet.

In early 1954, FOA approved, as an economic project, the construction of a highway from Saraburi to Bang Phai. The Department of Defense agreed that this highway was militarily desirable but was primarily a matter of economic assistance within the province of FOA. The cost of this project was initially estimated to be $8 million, but an engineering survey increased this to approximately $22 million. ICA (FOA) implemented this program in 1954 with a partial grant of approximately $8 million. MDAP funds are not involved in this project at this time.

7. In the interest of the over-all DFS objectives in Thailand, additional assistance is being provided to the Thai Home Guard Volunteer Corps on a long-range basis under the jurisdiction of the Central Intelligence Agency, with the Department of the Army acting as the procurement agency for the equipment. This assistance is to be provided in three phases. The first phase was completed 31 July 1954 and amounted to $500,000. The funds to implement phase one were made available by FOA. Phase two of this program, completed 31 January 1955, amounted to $1.6 million, funds for which were provided by Section 121, Mutual Security Act of 1954. Phase three is to be completed by 31 January 1956 and will amount to approximately $2 million, funds for which should be provided by ICA.

[4] Attached but not printed.

8. The 30 June 1955 Country Statement on MDAP [5] submitted by JUSMAG Thailand indicates that while the MDA program for Thailand is supporting the Thai Navy and Air Force, the over-all effectiveness of the armed forces in the defense of Thailand is centered around and dependent upon the effectiveness of the Royal Thai Army. To improve the effectiveness of the Thai Army, drastic changes are required in organization, policies, and practices. While there have been some changes in the higher echelons of command and staff, the net results of these changes have been negligible. Unless removal of incompetent and corrupt senior officers is effected at an early date, it is not expected that the over-all effectiveness of the armed forces will increase significantly this year. Effectiveness at small unit level in the fields of training, maintenance and command has increased materially. However, until the conditions in the higher echelons of command are corrected, no significant improvement can be foreseen in the over-all capability of the armed forces to conduct a modern military operation.

9. It is my understanding that the Director, Special Operations (General Erskine) discussed the Thai MDA programs with General Phao during their meeting 11 August.[6]

10. It is recommended that:

a. If General Phao presses for information as to the Thai share of the additional $12.2 million direct forces support funds appropriated by the 84th Congress, he be advised that upon receipt of the FY 1956 DFS requirements for Formosa and Thailand, the proposed FY 1956 DFS programs will be reviewed and adjusted to provide for those requirements in accordance with the U.S. established priorities and to the extent available funds will permit. When adjustments to the programs are made, the Chief, JUSMAG, Thailand will be advised.

b. Details of the FY 1956 DFS program referred to in paragraph 6 and Tab B and the information contained in paragraphs 7 and 8 not be discussed with General Phao.

J.K. Wilson, Jr.[7]
Brigadier General, U.S. Army

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[5] Not found in Department of State files.

[6] No record of such a discussion has been found.

[7] Printed from a copy that bears this typed signature.

480. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald) to the Deputy Under Secretary of State (Murphy) [1]

Washington, October 5, 1955.

SUBJECT

State–JCS Consideration of MDAP Objectives in Thailand

Discussion:

The recently completed 1290–d study on Thailand [2] concluded that the present Thai Armed Forces exceed in number those required to maintain internal security. Other bases for justification of the excess such as to deter or retard external aggression, to contribute to collective regional security or for covert psychological or political reasons were considered beyond the purview of the 1290–d report.

Despatch No. 143 of September 15 from Bangkok [3] recommends that the statement of MDAP objectives for Thailand [4] be expanded to include assistance in organizing, equipping, and training the Armed Forces of Thailand so as to enable them to deter and resist local external Communist aggression and contribute to a collective defense effort under the Manila Pact.

In view of Communist inroads in Laos and the weakness of Cambodia and South Viet-Nam, there is justification for U.S. maintenance and support of force levels in Thailand in excess of those required purely for internal Thai security. In addition, while no infrastructure for SEACDT is contemplated there remains political and psychological advantage in Thai knowledge that part of their Armed Forces are being supported to strengthen militarily the collective security concept in Southeast Asia.

Recommendation:

State–JCS approval be obtained to amend the statement of MDAP objectives for Thailand in FY 1957 to read as follows:

"To assist in organizing, equipping and training the Armed Forces of Thailand so as to enable them to (1) maintain internal secu-

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[1] Source: Department of State, Central Files, 792.5–MSP/10–555. Top Secret. Drafted by Foster.

[2] See Document 484.

[3] Not printed. (Department of State, Central Files, 792.5–MSP/9–1555)

[4] As outlined in despatch 143, the proposed MDAP objectives for Thailand for fiscal year 1957, developed by the Department of Defense in July 1955, read as follows: "To assist in organizing, training and equipping the armed forces of Thailand essential to the maintenance of internal security."

rity, (2) deter and resist local external Communist aggression, and (3) contribute to a collective defense effort under the Manila Pact." [5]

[5] In a staff meeting on October 14 between the Joint Chiefs of Staff and a group of senior officials of the Department of State, led by Murphy, the Joint Chiefs of Staff agreed to the proposed revision of MDAP objectives for Thailand. (Department of State, State–JCS Meetings: Lot 61 D 417)

481. Letter From the Director of the Office of Philippine and Southeast Asian Affairs (Young) to the Regional Director, Far East, of the International Cooperation Administration (Moyer) [1]

Washington, October 31, 1955.

DEAR RAY: As you know, there have been repeated complaints over the last few months by officials of the Thai Government regarding "slowness" in implementing the construction program being financed by U.S. aid funds (Bangkok's Telegram No. 3083, June 15, 1955; Bangkok's Despatch No. 1, July 1, 1955, enclosing a memorandum handed by the Thai Government to Senator Dirksen; Bangkok's Telegram No. 1048, October 11, 1955 [2]). According to the latest message, the Thai Prime Minister told Anschuetz [3] that skepticism was developing among some Cabinet members regarding American intentions with respect to aid to Thailand.

We are rather concerned about the political implications of this situation. The Embassy has reported that delays in execution of the construction projects have led to a considerable loss of American prestige. We are afraid that this might adversely affect the Thai attitude toward SEATO just at a time when we are trying to invigorate that organization.

[1] Source: Department of State, Central Files, 792.5–MSP/10–3155. Confidential; Official–Informal.

[2] In telegrams 3083 and 1048, the Embassy reported on complaints by Thai political and military leaders concerning the pace of the implementation of various U.S. aid programs in Thailand. (*Ibid.*, 792.5–MSP/6–1555 and 792.5–MSP/10–1155, respectively) Despatch 1 dealt with Senator Everett Dirksen's visit to Thailand, June 18–22. In the course of his visit, Dirksen discussed the U.S. aid programs in Thailand with General Phao Sriyanon and Marshal Fuen Ronapakas Riddhagni, Thai Air Force Commander, who were sharply critical of the failure of promised American aid to materialize in Thailand. (*Ibid.*, 033.110–DI/7–155)

[3] Norbert L. Anschuetz became Chargé d'Affaires ad interim after the death of Ambassador Peurifoy.

We, therefore, hope that ICA will give a high priority to the construction projects for which it is responsible, particularly those relating to the Northeast Highway and the Expanded Highway Aid Program.[4] If contracts committing the available funds for those projects could be concluded in time to take advantage for construction of the dry season starting in November, 1955, we believe the political effect in Thailand would be salutary.

Sincerely yours,

Kenneth T. Young, Jr.[5]

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[4] According to a memorandum of a conversation on October 21 among officers of ICA and PSA, including William Stoneman of ICA and Joseph A. Mendenhall of PSA, construction costs on the Northeast Highway were running about three times the original estimates. With respect to the Expanded Highway Aid Program, a total of $14 million had been allocated for highway improvements in various parts of Thailand, but ICA had not yet invited bids on the work as of October 1955. (Department of State, Central Files, 792.5–MSP/10–2155)

[5] Printed from a copy that bears this typed signature.

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482. Memorandum From the Director of Central Intelligence (Dulles) to the Chairman of the Joint Chiefs of Staff (Radford) [1]

Washington, November 18, 1955.

SUBJECT

Thailand

In accordance with our recent conversation, I am setting forth below the following data on Thailand.

1. . . . the American embassy . . . sources in Bangkok have recently reported several indications that the Thai government may be reassessing its anti-Communist outlook.[2]

. . . . . .

3. Prince Wan, the Thai foreign minister, is reported to be increasingly optimistic about the prospects for regularizing relations

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[1] Source: Department of State, FE/SEA Files: Lot 59 D 369, Neutralism 1955. Secret. A copy was sent to Robertson.

[2] Despatch 290 from Bangkok, November 25, contains a full assessment of Embassy reporting relating to "indications of a relaxation by the Thai Government of its anti-Communist posture." (*Ibid.*, Central Files, 792.00/11–2555)

with Peiping. Other Thai officials have referred to Thailand's "independent" foreign policy, and elements of the controlled press have been urging the government to be less adamantly anti-Communist. In recent months Bangkok authorities have also tolerated the formation of political parties whose programs have been avowedly neutralist.

4. There are, in addition, signs of the Thai becoming increasingly attracted to trade with Communist China. Indirect trade through Macao and Hong Kong is already being carried on without governmental interference, and pressure is building up for direct trade in non-strategic goods. The acting foreign minister [3] has been quoted as saying that direct trade with Communist China would be more profitable than the present indirect trade, and newspapers owned by Generals Phao and Sarit have also advocated such trade.

5. There are also indications that the USSR and Communist China are actively encouraging Thai neutrality. . . .

. . . . . .

7. In view of the current popularization of "relaxation of tensions," some readjustment of Thai policies would be in keeping with Thailand's historical practice of "bending with the wind." Thai leaders may also wish to demonstrate that they are independent in the "spirit of Bandung."

8. Despite the temptations of neutralism, there appears to be little reason to believe that an abrupt or major change in Thailand's pro-Western orientation is imminent. American aid and the Manila Pact are still regarded by the Phibun regime as the chief guarantees of Thailand's security, and Bangkok is actively soliciting the one and promoting the other.

Allen W. Dulles [4]

[3] Worakan Bancha.

[4] Printed from a copy that bears this typed signature.

483. Memorandum of a Conversation, Department of State, Washington, December 12, 1955 [1]

SUBJECT

Call on the Secretary by Prince Wan [2]

PARTICIPANTS

The Secretary
HRH Prince Naradhip Phongpraphan, Thai Foreign Minister
His Excellency Pote Sarasin, Ambassador of Thailand
The Honorable Max Bishop, Ambassador to Thailand
FE—Walter S. Robertson
PSA—Kenneth T. Young, Jr.
PSA—Rockwood H. Foster

Prince Wan called on the Secretary in order to discuss matters of common interest before he returned to Thailand.

Prince Wan opened the meeting by indicating his interest in running for the Presidency of the next General Assembly. He indicated that next year was the turn for an Asian nation and hoped that the U.S. could give him its support.

Prince Wan was informed that the U.S. would vote for him as it had previously. It was difficult, however, to foretell at this early date what other pressures, as had unfortunately happened before, might prevent the U.S. from actively campaigning on Prince Wan's behalf. The hope was expressed nevertheless that in the following months matters would so arrange themselves that the U.S. would not be prevented from campaigning actively for the Thai candidacy.

Prince Wan remarked that SEATO activities had so far been carried on quietly and that the general public knew very little about progress which had been made. He added that the U.K. had been particularly cautious. He indicated Thailand's devotion to SEATO, and reaffirmed his government's attitude against neutralism as expressed by the Council of Ministers and the Prime Minister in recent statements to the public. He indicated that Thailand realized that peace would not be guaranteed for some time yet as a result of the discussions on disarmament being held in the General Assembly. Therefore, he said, fifty per cent of the Thai budget was going for defense against aggression and subversion, and Thailand realized fully the need to take its own precautions for defense. He added that the SEATO meeting in Pakistan, to be held next year, would be useful in showing the world that SEATO was still alive.

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[1] Source: Department of State, Central Files, 611.92/12–1255. Secret. Drafted by Foster.

[2] Prince Wan was in the United States for the autumn meeting of the U.N. General Assembly.

Prince Wan was informed that SEATO was very much alive for the U.S. but that many compared it incorrectly with NATO. NATO, in the U.S. view, had a relatively short line to defend, and the countries making up the NATO organization were industrial in nature with a long tradition of military activity. In Southeast Asia, however, a commitment of forces to the defense of a specific place would tend to strip other equally vulnerable areas of their defenses. For this reason the area had to depend on mobile striking power as a deterrent to aggression. Nevertheless, the U.S. felt that each country should develop for itself sufficient power to defend its territory to the most practicable extent, and by doing so indicate to friendly nations that its "Will to Win" merited outside support. In this connection Prince Wan indicated that he had read with interest the Secretary's speech at Chicago on December 8 [3] and agreed with the conclusions therein.

Prince Wan stated that the Thai internal security programs presently underway seemed to be adequate, but indicated that a need existed for SEATO to develop economic programs in support of Article III.[4] He understood that the U.K. was particularly interested in furthering the Colombo Plan,[5] and the U.S. wished to continue its bilateral economic program under ICA. These programs, together with other sources of bilateral financing, could well undertake to implement projects developed and approved under SEATO auspices. As an example, Prince Wan mentioned the Mekong Survey now under way and indicated that perhaps some of the projects recommended by this survey might be suitable for SEATO sponsorship. In this connection he mentioned that Burma, too, was a riverine nation and thought that such projects as the development of the Mekong might some day entice Burma to take an interest in joining SEATO.

Prince Wan was informed that the Mekong Survey and its recommendations were the kind of activity in which the SEATO might be interested if sufficient economic justification were forthcoming.

Prince Wan indicated that Thailand was seeking to improve its relations with Laos and that the Lao had expressed their desire to work more closely with Thailand and SEATO. He thought that Lao membership in the United Nations might facilitate its acceptance as a member of SEATO—particularly from the U.K. viewpoint.

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[3] For text of the Secretary's speech, see Department of State *Bulletin*, December 19, 1955, pp. 1003–1007.

[4] Article III of the Southeast Asia Collective Defense Treaty, signed at Manila on September 8, 1954, pledged the signatories to cooperate to develop measures that would promote economic progress. (6 UST 83)

[5] The Colombo Plan was a program calling for regional economic development adopted by the Commonwealth Consultative Committee on South and Southeast Asia in 1950. The United States agreed to participate in the development of the Colombo Plan in 1951.

Prince Wan was informed of the concern with which the U.S. viewed Kruschev's and Bulganin's recent activity. The view was expressed that the Soviet Union was deliberately going into areas where historic conflicts existed and attempting to stir them up. The Soviets were apparently using the device of taking one side in such disputes in order to force the U.S. to take the other. This put the U.S. in a position of incurring the enmity of the other party, and it was expected that a similar tactic would be used in the historically sensitive relationship between France and Germany. The U.S. did not consider the Soviet economic offensive as such to be serious, since the Soviet Union had no surplus except in obsolescent arms and technicians. By making promises of economic aid, however, the Soviet Union was able thereby initially to place large numbers of technicians in the country concerned. Once the technicians were on the spot and had done their subversive work, no real Soviet economic assistance would ever be forthcoming. The Soviet Union's own standard of living is so low that it cannot spend money solely to raise the standard of living in foreign countries. When important political gains will result, however, the Soviet Union does give limited financial help at the expense of its own people. Only because the U.S. has such a high standard of living at home can it afford to seek to raise the standard of living abroad, and give unselfish assistance to friendly nations.

Prince Wan inquired whether the U.S. had decided where to locate the Asian nuclear center proposed by Mr. Hollister at the recent Colombo Plan meeting in Singapore. He was informed that no decision had yet been reached but that locally available technical and educational facilities would probably be the deciding factor in selecting a location.

Prince Wan was urged to render as much assistance as possible to Laos, but the U.S. view was expressed that matters concerning the defense of Laos might better not be raised in SEATO at this time. It was felt that bilateral talks between Laos and Thailand on this subject would achieve more in this initial stage outside SEATO, although consultation with the U.S. and France would be useful if desired. Prince Wan made no direct answer.

Prince Wan replied, however, that Laos needed assistance in almost every field. As an example, when he was in Ottawa the Lao asked for technical assistance from Canada with French-speaking experts. He recalled with amusement that when the Lao were asked specifically in what fields they would like to receive such Canadian assistance, they replied, "In all fields".

484. Staff Study Prepared by an Interdepartmental Working Group for the Operations Coordinating Board [1]

Washington, January 4, 1956.

ANALYSIS OF INTERNAL SECURITY SITUATION IN THAILAND (PURSUANT TO NSC ACTION 1290–d) AND RECOMMENDED ACTION [2]

I. Nature of the Security Threat

1. Thailand lies athwart the route of further Communist movement southward. The primary external threat to Thailand's security is the subversive and aggressive forces of Communist China and North Viet-Nam. Only the relatively weak nations of Burma and Laos separate Thailand from Communist countries.

2. The Thai Government is an authoritarian oligarchy superimposed upon a constitutional monarchy, and changes in leadership occur almost always by coups d'état. The current primary threat to internal stability arises from the weakening effects of internal power struggles rather than from Communist subversion. The Communist Party and Communist activity are outlawed in Thailand, but four distinct Communist organizations continue to exist underground. There is no evidence of coordination among them.

3. The strength of the Thai Communist Party (CPT) is estimated as low as 50 to 100, and its leaders remain unidentified. It is probably weakest in the Bangkok area but still may exert some influence in the relatively under-developed northeastern border area. It is orga-

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[1] Source: Department of State, OCB Files: Lot 62 D 430, Thailand. Top Secret. The working group which prepared the study included representatives of the Departments of State and Defense, the International Cooperation Administration, and the U.S. Information Agency.

[2] For background on the 1290–d exercise by the OCB, see footnote 2, Document 471. On September 14, the OCB considered the study completed by the interdepartmental working group on Thailand and noted it pending the completion of the remainder of the country reports to be included in the final report to the NSC. (Department of State, OCB Files: Lot 62 D 430, Preliminary Notes on OCB Meetings) On November 23, the OCB completed a full "Report to the National Security Council Pursuant to NSC Action 1290–d." The NSC considered the report at its 269th meeting on December 8 and the President directed the programs outlined in the report be implemented. (NSC Action No. 1486; *ibid.*, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1955) On January 4, 1956, the OCB reconsidered the country study on Thailand, in light of the NSC decision of December 8, and directed the implementation of the recommendations outlined in the study under the overall direction of the ICA. (Covering note by the OCB staff, January 5, attached to the study) On January 13, Under Secretary of State Hoover wrote to the new Ambassador in Thailand, Max W. Bishop, and instructed him to oversee the implementation of the program in Thailand. (*Ibid.*, Central Files, 792.5/1–1356)

nized around a small core of Westernized intellectuals, several of whom have fled to Communist China. CPT targets are Thailand's small professional class, university students, Buddhist clergy, lower echelon government workers, and journalists. It has attained some influence within each group, but the party's progress as a whole cannot be said to have been successful. It has been hampered by the political apathy of the Thai peasantry, comparative prosperity, the lack of a colonial issue to exploit, and the repressive measures of the Thai police.

4. *The Chinese Communist Party (CCPT)* is estimated at about 5,000 members. It is disproportionately strong because of its influence among Thailand's 3 million Chinese (15% of the population), who dominate the Thai economy. The CCPT concentrates its operations on Chinese schools, labor organizations, and business and regional associations. It is believed to control important segments of Thai labor forces. In addition, it controls several regional associations, the most important of which is the SWATOW Association. It has infiltrated the Chinese Chamber of Commerce, which serves as the unofficial Chinese Communist legation in Thailand. It is considered that the CCPT is subordinate to Peiping. It is probably financially self-sufficient and may, in fact, contribute funds to Communist China. The CCPT is strongest in Bangkok and southern Thailand. It is hampered, however, by the traditional Thai dislike for and distrust of the Chinese, which severely hamper infiltration of the Thai Government and participation in local politics.

5. The *Viet Minh* is very strong among the approximately 50,000 Vietnamese refugees in northeastern Thailand. The Overseas Vietnamese Mutual Assistance Association of Thailand (OVMAAT) is the principal Viet Minh-controlled organization in Thailand. Its actual strength of hardcore agents is unknown. The activities of OVMAAT are restricted solely to Vietnamese, and it is believed that some logistic support is provided in the form of money, rice, a few small arms, and recruits to Viet Minh guerrilla formations in Laos and Cambodia. The OVMAAT is firmly controlled by the Viet Minh High Command in Viet-Nam but appears to receive no material external support at this time.

6. *The Malayan Races Liberation Army (MRLA),* the direction of which comes from the Malayan Communist Party (MCP), has approximately 200 Chinese Communist terrorists from Malaya present in the extreme southern part of Thailand. This area, however, is used mainly as a relatively secure base for training, rest, and logistic support for Communist forces operating on the Malayan side of the border.

7. The Chinese Communists possess a potential asset for political warfare in the person of former Thai Prime Minister Pridi Phana-

myong who retains a certain popular following of unknown, but presumably small, strength in northeastern Thailand as well as among dissatisfied elements in other areas. Among his followers, Pridi is not regarded as a Communist but as a patriot who is temporarily exiled in Red China.

8. Other factors contributing to the subversive threat in Thailand are:

a. Thai National Autonomous Area, founded in 1953 in Southern Yunnan Province, China.

b. Thai-Meo Autonomous Zone, founded by North Viet-Nam in its northwestern provinces.

c. Anti-Thai Government propaganda being broadcast from Radio Hanoi under the name of Tiang Sirikhan, dissident Thai leader.

d. Min Yuen, a Chinese Communist guerrilla support organization in the southern provinces of Thailand for the MRLA referred to in paragraph 6.

e. Pan-Muslim propaganda in Southern Thailand.

II. Existing Internal Security Forces and National Military Forces

[Here follows a five-page analysis of Thai internal security and military forces.]

III. Evaluation of the Internal Security Situation

16. The ruling coup group does not at this time face any significant internal challenge to its authority by Communists or other opposition elements. The potential threat of Communist subversion is recognized by Thai leaders and they are taking active counter measures.

17. The Thai legal system provides adequate means for the arrest and prosecution of subversives. The weaknesses lie in the inefficiency and venality of officials and cumbersome trial procedures. The top Thai military-political leaders, however, have always found means to deal with persons they consider a threat.

18. The Thai Police are reasonably capable of detecting subversives; they are fully capable of apprehending and detaining those so identified. They can handle riots and localized disturbances, and are reasonably capable of preventing border infiltrations. The Police would require assistance from the Army to suppress widespread guerrilla activity, which is unlikely at this time. Under present circumstances, the effort required to bring about an armed uprising or widespread paramilitary activity could not take place without detection by the Police, who could then undertake preventive action.

19. VDC units can furnish information on subversive activity in their home districts and they can perform routine guard functions, but at this time they have little potential for undertaking punitive action against any marauding Communist paramilitary forces.

20. The Thai Armed Forces are currently armed, organized, and deployed primarily to maintain in power the coup group now ruling Thailand. Their capabilities to conduct combat operations are being steadily improved, and emphasis is now being placed in the U.S. training program for the Thai Army on jungle and counter-guerrilla operations. However, additional training and organizational improvements in Army–Air Force–Police cooperation are required before Thailand could cope with large, well organized guerrilla forces infiltrated from neighboring states and supported by the Communists. In the unlikely event of widespread guerrilla activity the armed forces would be required to supplement police action. Under foreseeable circumstances the requirement for such forces would not exceed:

Army: 5 RCT's and necessary supporting and service elements;
Navy: 9 patrols and 5 amphibious vessels (3 SC, 6 CGC, 1 LST, 2 LSM, and 2 LSIL);
Air Force: 1 fighter-bomber squadron, 1 mosquito squadron, 1 transport squadron of 15–20 twin-engine aircraft.

IV. Inventory of Existing U.S. Assistance Programs Bearing on Internal Security

A. Economic and Technical Assistance

21. The technical cooperation program is directed toward the improvement of government services and the strengthening of public administration, with special emphasis on fiscal management. Other projects include university contracts in the fields of agriculture, teacher training, and engineering. For defense support and economic development, the United States provides assistance to improve highways, railways, airfields and other basic facilities.

22. To strengthen regional cooperation, technical exchanges have been arranged between Thailand and Laos and Cambodia. Certain projects in the fields of public health and agriculture are being undertaken on a regional basis and multi-national consideration of transportation and telecommunications projects is being encouraged. A cooperative survey of the development potentialities of the Mekong River is being sponsored, with U.S. assistance, by Thailand, Cambodia, Laos, and Viet-Nam.

23. Economic and technical assistance during FY 1955 amounted to $30.4 million, exclusive of items for direct consumption by the Armed Forces and budgetary support for the military establishment. Similar activities in FY 1956 are estimated at about $30.5 million.

24. In FY 1955 $7.9 million was provided for supplies and facilities for exclusive military use and $8.4 million for budgetary support for the military establishment. It is estimated that direct forces support during FY 1956 will amount to approximately $8.2 million, and budgetary support for the military establishment to $6.8 million.

B. Military Assistance

25. Activities of JUSMAG Thailand stress the training and development of Thai junior and non-commissioned officers and the improvement of technical skills for maintenance and effective use of equipment. Varied and obsolete arms and equipment have been replaced by modern and generally standardized equipment. With intensive training of pilots and support personnel, the Air Force is becoming increasingly proficient in the maintenance and use of aircraft. The Navy has been provided with a limited number of small craft and equipment for modernization of existing vessels. Inadequate training has been a major limiting factor and the U.S. is currently assisting in the development of a new training program for Naval personnel. The FY 1950–54 MDA programs for Thailand totalled $187.2 million of which $135 million had been delivered as of 31 March 1955. The 1955 program tentatively calls for $28.2 million in military aid, while only funds for training and maintenance of equipment are projected for FY 1956.

C. Information and Educational Exchange Programs

26. The USIA program emphasizes comprehensive anti-Communist indoctrination throughout Thailand. Working downward from 28 top leaders who received intensive indoctrination courses, the program has been extended systematically through the government hierarchy to the rural areas. Priority has been given to the sensitive border areas. The Army is currently the focus of attention. Centers are maintained at Bangkok, Chiengmai, Songkla, Ubon, Udorn, Korat.

27. The cost of the information program in Thailand during FY 1955 was about $1,263,000. It is planned to expand the program during FY 1956 to approximately $1,415,900.

28. The educational exchange program provided grants to 38 Thai during FY 1955, while 12 Americans visited Thailand, at a total cost of approximately $324,000. In FY 1956 it is planned to expand the program to include 55 Thai and 15 Americans, at a total cost of approximately $480,000.

D. Assistance to VDC

29. The U.S. provides equipment and general guidance for the organization and training of the VDC. The total cost of equipment is

not expected to exceed $5,000,000, of which approximately $400,000 was expended in CY 1954 and approximately $2,000,000 in CY 1955.

V. Political Factors Bearing on Internal Programs and Feasibility of U.S. Assistance

30. Thailand's foreign policy in the past has been based squarely on the realities of international power in Asia and has been changed without hesitation to conform with shifts of power balance. Thailand's international orientation, therefore, has been affected primarily by outside events and conditions rather than by internal situations or by abstract principles of behaviour.

31. Despite growing Communist power in Asia, Thailand remains strongly oriented toward the Free World. It welcomed U.S. assistance and advice, and has taken the lead in participating in collective defense efforts. Nevertheless, Thailand might revert to her historic position of international accommodation should the Free World position in Asia appear substantially to weaken. Additionally, any U.S. action which might be interpreted by the Thai as an indication of decreased interest by the U.S. in Thailand will increase the risk of a shift by the Thai toward neutralism.

32. The Thai are controlled by an oligarchy dominated by Prime Minister Phibun, Director General of Police Phao, and Commander-in-Chief of the Army Sarit. Despite evidence of recurring frictions and rivalries among these men and their followers they have thus far accommodated themselves to a continuation of the present arrangement. Phibun has no further ambition except eventually to insure a peaceful accession, presumably by Phao, to the Prime Ministership, permitting Phibun to retire as an elder statesman. Phao realizes that he probably will become the next Prime Minister and, while he may desire to hasten the event, it is doubtful that he will attempt to assume this position by force. Sarit enjoys his command of the Army and his ambition apparently is limited to preserving the prerogatives of that office.

33. Sarit's incompetency and other personal inadequacies have antagonized many Thai and he has caused Thailand to lose face with foreign observers. Although Phibun recognizes Sarit's inadequacies he appears reluctant to remove him since he is a counterweight to Phao. It is expected that Phao will seek removal of Sarit but probably will not accomplish this without becoming Prime Minister.

34. Political awareness is severely limited to a few educated individuals living in the larger cities. The people in general do not concern themselves with politics and are indifferent to and ignorant of such matters. Under these circumstances the stability within Thailand depends mainly upon inter-relationships within the ruling oli-

garchy. Whatever the outcome of any political conflicts, Thailand's orientation would probably be unaffected since all possible winners seem equally committed to close ties to the U.S.

35. The Thai have extravagant ambitions for the continuing expansion of their military and internal security forces, largely at U.S. expense. Present U.S. programs do not provide for these increases but rather a change from the supply of new equipment to the maintenance of equipment now programmed. When the Thai come to realize that this will result in a diminution of U.S. aid, they may well interpret this as evidence of a decrease in U.S. interest in Thailand and its safety. The apparent changes in U.S. policy, coupled with Thai realization that the Manila Pact provides them little real security, may well move Thailand in the direction of neutralism.

VI. Recommendations

1. *Basis for Recommendations:*

a. In consonance with the objectives and limitations of this study, the nature of the threat to Thailand has been evaluated against the capabilities of its internal security forces. On this basis it is concluded that in numbers and character these forces exceed the norms for effective maintenance of internal security against current and foreseeable requirements. (Approximately one out of every 96 Thais is a member of the internal security forces.)

b. Thailand's armed forces, as distinct from the police, exceed strength requirements for their internal security role by more than fifty per cent; in addition, they possess heavy equipment, such as tanks, aircraft, and sea-going vessels, in quantities excess to the exclusive mission of internal security.

c. Predicated on traditional principles concerning the respective missions, organizational procedures and equippage of military and police-type forces, it is evident that some elements of the Thai police system have assumed certain characteristics of a military force. Such overlapping generates expenses which the country can ill afford and results in ineffective use of resources available for internal security. Specifically, the Thai police includes an armored car regiment with an airborne battalion which duplicates Army capabilities, and a Water Police which to some extent overlaps the capabilities of the Navy.

d. Owing to the extent of U.S. financial support of Thailand's internal security forces, including the military, it is apparent that, on this basis alone, the development of these forces beyond reasonable requirements to maintain internal security is contrary to the economic interests of the U.S. The consideration of other bases for justification of forces in excess of those needed for internal security, e.g., to deter or retard external aggression, to contribute to collective regional security, or for covert, psychological or political reasons, is beyond the purview of this report.

e. Any proposals or plans to reduce current or projected U.S. programs in support of internal security forces in Thailand should be

carefully weighed. The U.S. aided in the development of these forces at a time when there appeared to be a greater threat than can be discerned at present. Accordingly, the reduction of Thai forces to the estimated level adequate solely to maintain internal security would lead to serious misinterpretations not only in Thailand but throughout Southeast Asia and would possibly stimulate Communist activities in that region. In view of the current "peaceful coexistence" climate such major revision of U.S. programs might be interpreted as a softening of U.S. attitude toward Communist China, thereby providing an additional inducement toward neutralism which already has strong appeal throughout Southeast Asia.

2. *Internal Security Forces—General.*

It is recommended that the U.S. review its current and projected programs in Thailand in light of this appraisal of forces required to maintain internal security, defining clearly the justification for supporting forces in excess of this requirement and considering carefully the possible disadvantages which might outweigh any economy realized by the reduction of such forces.

Responsible Agencies: Defense and State in consultation with . . . and ICA.
Cost: None
Timing: Immediate

3. *Police-type Forces:* Although certain police missions and capabilities overlap those of the military, due consideration should be given to special circumstances in Thailand, particularly (1) the effectiveness of U.S. controls over these elements, which would be jeopardized if transferred to the military, and (2) the political and psychological implications. Accordingly, it is recommended that the status quo be maintained in general but the U.S. urge and employ its aid so as to bring about:

a. establishment of an overt U.S. police advisory and training program, placing stress on police organization, administration, counter-intelligence and counter-subversion operations;

b. reduction of the three Armored Car Battalions a . the relocation of surplus personnel from Bangkok to rural areas,

c. reassignment of responsibilities as between the Army and the police, so that the Army will provide the necessary armed support for the police in the border areas, subject to renegotiation of present treaties and revision of local laws which preclude military forces from being within 25 kilometers of the border except when threatened by invasion;

d. reassignment of certain Water Police responsibilities in the light of the capability of the Navy to conduct coastal patrols;

e. re-examination of the functions, composition and ultimate size of the VDC in the light of increased capabilities of the Police and Army resulting from their redeployment and from the establishment of a properly integrated relationship between these principal internal security forces.

Responsible Agencies: State, Defense, ICA . . . .
Cost: (sub-paragraph a) $75,000 for additional personnel, $1 million for equipment in FY 56, funds not presently programmed.
Timing: Immediate

4. *Military Forces.* In conformance with the above, it is recommended that the following courses of action be undertaken to adjust the Armed Forces of Thailand better to serve U.S. objectives:

a. revision of present MDA programs to reflect redefinition of support as between forces required for internal security and those identified with other objectives;

b. redirection of U.S. training of forces required for internal security to place major emphasis on the internal security functions appropriate to armed forces, such as support of police action, pacification and anti-guerrilla operations;

c. continue U.S. assistance and advice to the Thailand Government for special anti-Communist indoctrination of the Thailand Armed Forces; support any Thailand efforts to make this program a permanent part of training to armed forces.

d. redeployment of armed forces assigned to internal security mission in order better to accomplish this function, including, as feasible, reduction of the disproportionate strength in Bangkok and the reassignment of surplus forces to the more remote, lightly garrisoned areas, particularly near the northern frontiers;

e. withdrawal of U.S. support and training assistance for Army airborne units on the basis that the police airborne battalion is adequate for internal security requirements and development of a duplicate force in the Army for this mission is unwarranted unless, in the judgment of the Defense Department, additional parachute units are required for purposes other than internal security.

Responsible Agencies: Defense, State and USIA
Cost: Included in present programs
Timing: Immediately

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485. Letter From the Assistant Secretary of Defense for International Security Affairs (Gray) to the Secretary of State [1]

Washington, January 26, 1956.

DEAR MR. SECRETARY: For some time the Department of Defense has been interested in establishing military facilities in Thailand. The

[1] Source: Washington National Records Center, OASD/ISA Files, FRC 60 B 1339, 092.2 Thailand. Top Secret.

military services have now concluded a review of outstanding requirements, which are approved by the Joint Chiefs of Staff. A consolidated list of detailed requirements is attached [2] for your information and appropriate use.

Cost studies indicate that approximately $9 million will be required to develop facilities to meet these military requirements. The Department of Defense will request authorization and appropriations for the necessary construction.

In view of the military importance of these projects, it is recommended that the Department of State initiate necessary negotiations to secure appropriate agreement with the Government of Thailand as soon as you consider it politically feasible to do so. In view of the amount of construction required, the duration of this agreement should not be less than twenty years.

If you concur with this recommendation, representatives of the Department of Defense will be prepared to assist in the preparation of appropriate negotiating instructions and will also be prepared to send an advisor to assist the U.S. Ambassador to Thailand during the course of negotiations.

Sincerely yours,

Gordon Gray [3]

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[2] Not found attached.

[3] Printed from a copy that bears this typed signature.

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486. Despatch From the Embassy in Thailand to the Department of State [1]

No. 424 *Bangkok, February 8, 1956.*

SUBJECT

Possible Contacts between the Thai Government and Communist China

The Embassy has received within the past week significant indications that Police Director General Phao Sriyanon may be extending feelers to Communist China and/or former Prime Minister Pridi Phanomyong. It is not known at this point whether such actions, if taken, are being instigated by Phao personally or on behalf on the Thai Government. However, given Phao's propensity for political intrigue and traditional Thai agility in international politics, the Em-

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[1] Source: Department of State, Central Files, 792.00/2–856. Secret.

bassy considers it possible that Phao independently, or with Thai Government approval, may well be attempting to establish channels to Communist China for future use if and when necessary.

On January 28, 1956, a reliable source informed an Embassy officer that MP's Amphorn Suwannabon and Sa-ing Manangkun (rumored earlier by one paper to be going to Communist China) were definitely "on the mainland", and furthermore, that they had been sent by General Phao. The source is known by the Embassy to be very close to Amphorn and Sa-ing, and he states that his information is "definitely reliable." When asked what the motivation for such actions would be, the source stated that he believed Phao is disgruntled by his recent set-backs on the internal political scene and is considering turning to Pridi and/or the Chinese Communists.

. . . . . .

Although Amphorn and Sa-ing are so-called opposition MP's, the Embassy has considered them to be beholden to General Phao. This was supported by their own admission to an Embassy employee last spring that they were going to Europe with the assistance of Luen Buasawan, Chinese financial adviser to the General Phao–Field Marshal Phin group. (See Embassy despatch 536, May 20, 1955 [2]).

An additional report which appears to confirm this belief was received this week by an Embassy officer from . . . had informed him that he had heard from a reliable source that Amphorn and Saing were in Communist China and accompanied by Chuan Yuthaworn, Manager of the Thai Sugar Corporation, and that Luen Buasawan had arranged the trip.

The possibility that Phao is moving to insure contacts on both sides of the fence is further supported by reports that he and his henchman, Colonel Phansak Visetbhakdi are backing the recently established leftist papers *Thai Seri* and *Seri Thai.*

Thai Seri, which ceased publication after a brief existence, was primarily a vehicle for attacks on Army Commander-in-Chief General Sarit Thannarat, but also featured serialized form Pridi's "Economic Development Plan." . . .

Seri Thai, the more leftist of the two, has been promoting direct trade with Communist China, publishing such articles as "The Policy of the Communist Party of India," and "The Status of Women" by Kulap Saipradit, who was sentenced to 20 years in prison as a Communist. On February 3 the paper urged its readers to tune in to

[2] Despatch 536 provides a summary of two conversations between Amphorn Suannabon and Albert D. Moscotti, Second Secretary of Embassy in Thailand. (*Ibid.*, 751J.00/5–2055)

Radio Peiping. According to an Embassy report, Sanit Thanachan, owner, editor and publisher of *Seri Thai* was until the paper opened, an official of *Thai Television Corporation Magazine* controlled by General Phao. . . . Samut Surakkha, assistant editor was (according to Embassy biographic information) arrested in the November 10, 1952 Communist conspiracy case, but was released when he turned state's evidence for the police. Uthai Srichan, Manager, is unknown to the Embassy.

Although it is difficult to assess the validity of these reports, they appear to be in line with indications that the Thai Government may be considering an adjustment toward the left.

The Embassy believes that these developments, if true, represent either: 1) an excursion by the Thai Government with the objective of securing a degree of insurance should it be necessary to shift the Thai position on relations with Communist China; 2) an independent attempt by Phao to achieve the same objective with the thought that it may redound to his personal advantage in the domestic political situation.

These developments do *not,* however, in the Embassy's opinion signify imminent action by either Phao or the Thai Government to follow up on such contacts with a drastic change in policy. On the contrary, they appear to fit into the traditional Thai diplomatic technique of hedging against probable shifts in world power.

For the Chargé d'Affaires, a.i.
Robert N. Magill
Chief, Political Section

Action requested: Department please send copies to Vientiane, Rangoon, Singapore, Kuala Lumpur, Hong Kong and Taipei.[3]

[3] A handwritten note on the source text indicates that this was done.

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487. Memorandum of a Conversation Between the Thai Ambassador (Pote Sarasin) and the Deputy Assistant Secretary of State for Far Eastern Affairs (Sebald), Department of State, Washington, March 6, 1956 [1]

SUBJECT

Disposal of U.S. Surplus Rice in Asia; Sale of Rice to Communist China

[1] Source: Department of State, FE/SEA Files: Lot 58 D 782, Rice—Thailand. Official Use Only. Drafted by Foster.

The Thai Ambassador called at his request to discuss the problem of the disposal of U.S. surplus rice in Asia with particular reference to the recent PL–480 [2] Agreement with Pakistan.[3]

The Ambassador stated that a Pakistan rice purchasing mission had been in Burma negotiating for a purchase of rice there and, it was understood, had intended to go on to Bangkok and purchase 50,000 tons from Thailand. Unfortunately, however, the news of the U.S. Public Law 480 program for Pakistan reached the Pakistani Purchasing Mission and they naturally then found it unnecessary to submit a bid for Thai rice which was available.

The Thai Ambassador pointed out forcefully that Thailand must export rice to get the foreign exchange it needs so badly. He appreciated fully the domestic political pressure on the Administration from the farmers of America and understood present U.S. policy of seeking to avoid disturbance of normal marketings.

He pointed out, however, that famines and disasters had occurred in Asia from time immemorial and that Thai prosperity depended not only on its normal marketings in good times, but also on abnormal sales which seemed to be required each year in some distressed area of the Far East. He stated that Pakistan in the past had purchased rice from Thailand when emergency conditions there required importation of food.

The Ambassador stressed the increasing pressure which was being placed on the Thai Government to move its rice each year, and pointed out that sufficient revenue for economic development in Thailand could not be derived from receipts of normal marketings.

U.S. policy with regard to U.S. surplus sales in Asia was again explained to the Ambassador. It was indicated that the U.S. was carefully seeking to avoid interfering with normal marketings of rice in Asia, and the example of prior consultation with Burmese and Thai representatives concerning the projected Indonesian purchase of rice was cited.[4] The U.S. was insisting in each case that purchasers of U.S. rice obtain from their normal suppliers a quantity of rice not less than that purchased in previous years. This stipulation, it was hoped, would minimize the impact of U.S. entrance into the rice market, and carry out the assurances given to both Burma and Thai-

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[2] Public Law 480, Agricultural Trade Development and Assistance Act of 1954, signed July 10, 1954. (68 Stat. 454)

[3] For text of the Surplus Agricultural Commodities Agreement between the United States and Pakistan, signed February 9, 1956, see 7 UST 359.

[4] On March 2, the United States and Indonesia signed a Surplus Agricultural Commodities Agreement, under which the United States agreed, inter alia, to finance the sale of $35.8 million of rice to Indonesia during fiscal years 1956 and 1957. For text of the agreement, see 7 UST 361.

land by Mr. Charles Baldwin during his recent mission to these countries.[5]

The Ambassador raised the question of selling rice to Communist China, pointing out that China had been in times past one of Thailand's largest rice customers. He indicated his awareness that Thailand had placed rice on its UN embargo list, but expressed his understanding that rice was not a strategic material and could be removed voluntarily at any time from the UN embargo list. He stated that Communist Chinese goods were finding their way into Thailand via Hong Kong, and that at present this trade was resulting in a loss of Thai foreign exchange.

The fear was expressed to the Thai Ambassador that the sale of Thai rice to Communist China could give the Chinese Communists a political hold over Thailand. Such an economic leverage could severely restrict Thai freedom of action in determining its national interest.

The Thai Ambassador indicated his appreciation of the danger to Thailand in this regard, but indicated his distress that no other alternative appeared possible at this time. Communist China needed Thai rice, Thai rice must be sold, yet Thailand's traditional Free World customers were receiving their requirements from the United States at a subsidized price which Thailand could not possibly hope to match.

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[5] Regarding the visit of the Baldwin rice mission to Rangoon in May 1955, see Document 8. Regarding the subsequent visit of the mission to Thailand, see Document 473.

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488. Memorandum of Discussion at the 279th Meeting of the National Security Council, Washington, March 8, 1956 [1]

[Here follow a paragraph listing the participants at the meeting and items 1-4.]

5. FY 1957 MDAP Objective for Thailand (NSC 5429/5; NSC 5405; [2] Progress Report, dated December 21, 1955, by OCB on NSC

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[1] Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on March 9.

[2] For texts of NSC 5405, "United States Objectives and Courses of Action With Respect to Southeast Asia," January 16, 1954, and NSC 5429/5, "Current U.S. Policy Toward the Far East," December 22, 1954, see *Foreign Relations*, 1952–1954, vol. XII, Part 1, pp. 366 and 1062, respectively.

5405; [3] NSC Action No. 1486; [4] Memo for NSC from Executive Secretary, same subject, dated January 10, 1956; Memo for NSC from Acting Executive Secretary, same subject, dated February 17, 1956 [5])

After Mr. Anderson had briefed the Council on this problem, Governor Stassen expressed very great concern lest raising the force levels of the Thai armed forces result in a situation such as we were now facing in Turkey as a result of the serious impact on the domestic economy. Mr. Anderson replied by pointing out that this consideration had led the Planning Board to insert a caveat in its recommendations for Council action.[6] Secretary Hoover added that, with respect to Governor Stassen's point, the armed forces of Thailand have for some time been above what this Government felt necessary to maintain internal security. Accordingly, adoption of the recommendations of the Planning Board by the Council would not further heighten the adverse economic impact on Thailand.

Governor Stassen then inquired whether any jet aircraft were to be included in the expanded program of military assistance to Thailand. If such aircraft were included, he warned, we would promptly and enormously increase the drag on the domestic economy of Thailand.

General White, sitting for Admiral Radford, consulted his papers and indicated that a certain number of jet light bombers were indeed included in the expanded program. In that case, replied Governor Stassen, the United States would either have to back up its additional military program for Thailand with economic assistance, or else pose a new threat to the well-being of the Thai economy.

Director Hughes indicated that he did not believe adoption of the Planning Board recommendation would prejudice or prejudge the analysis of the economy of Thailand and its capability to support the existing levels of military forces, which was now being undertaken by the so-called Prochnow Committee.[7] The President inquired what

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[3] The OCB Progress Report on NSC 5405, December 21, 1955, is in Department of State, S/P–NSC Files: Lot 62 D 1, NSC 5405.

[4] Regarding NSC Action No. 1486, see footnote 2, Document 484.

[5] These memoranda, both entitled "FY 1957 MDAP Objectives for Thailand," are in Department of State, S/P–NSC Files: Lot 62 D 1, NSC 5405.

[6] Not found in Department of State files.

[7] At its 269th meeting on December 8, 1955, the NSC directed an interdepartmental committee, composed of representatives of the Departments of State, Defense, and the Treasury, and the ICA, to prepare studies of the programs of military and economic assistance provided by the United States to Turkey, Iran, Pakistan, Vietnam, Formosa, and Korea. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1955) The committee was chaired by Herbert V. Prochnow. A copy of the committee's report on Thailand, dated August 6, 1956, is in Department of State, E/OFD Files: Lot 59 D 620, U.S. Aid Programs, 1956.

the Prochnow Committee was and, upon being informed, said that at any rate he agreed with Governor Stassen that we should not have a duplication of the Turkish problem in Thailand. Secretary Humphrey also expressed emphatic agreement with this statement.

The President then inquired whether we had told the Thais whether we proposed to give them jet aircraft. General White replied that he could not answer this question definitely, but thought it was likely. After further questions by the President as to the cost of maintenance of jet aircraft and the availability of fields for their use in Thailand, the President suggested adoption of the recommendations of the NSC Planning Board, together with a study by the Departments of State and Defense of the proposed shipment of jet aircraft to Thailand under the FY 1957 program.

The National Security Council:[8]

a. Discussed the subject in the light of the memorandum by the Secretary of Defense[9] transmitted by the reference memorandum of January 10.

b. Noted that the FY 1957 mutual defense assistance program for Thailand has been developed on the basis of providing Thailand, beyond the needs of internal security, with a limited capability for initial resistance to external aggression and for contribution to a collective defense effort under the Manila Pact.

c. Directed the NSC Planning Board, in its review of NSC 5405, to review promptly the objectives of military assistance to Thailand, taking into account, if available at the time of such review, a forthcoming report on Thailand by the Interdepartmental Committee on Certain U.S. Aid Programs referred to in NSC Action No. 1486–e.

d. Noted that, pending the review directed in c above, the basis on which the FY 1957 mutual defense assistance program for Thailand has been developed (b above) will not create an immediate requirement for increasing the MDA program for Thailand, and will result in no new commitments to Thailand.

e. Noted the President's authorization that the Departments of State and Defense re-examine the proposed shipment of jet aircraft to Thailand under the FY 1957 MDA program.

Note: The action in e above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense.

S. Everett Gleason

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[8]The following paragraphs constitute NSC Action No. 1527. (*Ibid.*, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1956) NSC Action No. 1527 was approved by President Eisenhower on March 9.

[9]Enclosure dated January 9, not printed, attached to Lay's memorandum of January 10, cited in footnote 5 above.

489. Memorandum of a Conversation, Government House, Bangkok, March 13, 1956[1]

PARTICIPANTS

(Thai)
Field Marshal P. Pibulsonggram, Prime Minister
Prince Naradhip Bongsprabandh, Foreign Minister
Major Rak Panyarachun, Deputy Foreign Minister

(American)
The Honorable John Foster Dulles, Secretary of State[2]
Walter S. Robertson, Assistant Secretary of State
Max W. Bishop, American Ambassador

After the usual amenities, the Secretary of State opened the discussion by saying that we in the United States had heard rumors of Thai change of policy and shifts in their position. He felt that similarly they must have heard rumors of changes in United States policy or shifts in the United States position. The Secretary said that we do not believe the rumors we hear about changes in the Thai Government's policy and we hope they will not believe any rumors they hear about any changes in our policy. The Secretary went on to emphasize the firmness of US policy and said that we anticipated no change. The Prime Minister said that he had read the Secretary's Philadelphia speech[3] and had had a report from his Foreign Minister, Prince Wan, regarding the discussions at Karachi. The Prime Minister said that he was much impressed by these two things and that he felt fully reassured. He indicated strongly that no change in Thai policy was contemplated.

Turning to the question of aid to Thailand, the Secretary pointed out that he understood that there had been many difficulties in getting started with the various aid projects. He added that in projects of this sort there is always much "red tape" and there are many procedural matters to be taken care of before actual work gets under way or deliveries begin. He said that he understood that most of this preliminary work had now been cleared away and that the aid programs should move ahead with normal speed.

The conversation then shifted to a discussion of the relations between Thailand and neighboring states. The Prime Minister indicated that relations with Laos, Burma, Vietnam and Malaya were all good. He pointed out, however, that the rather erratic behavior and unsta-

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[1]Source: Department of State, Central Files, 792.00/3–1456. Secret. Drafted by Bishop on March 14.

[2]Dulles was visiting Thailand as part of a tour of Asian countries after the SEATO Council meeting in Karachi, March 6–8. Documentation on the post-SEATO trip is *ibid.*, Conference Files: Lot 62 D 181, CF 675–CF 683.

[3]For text of Dulles' speech in Philadelphia on February 26, see Department of State *Bulletin*, March 5, 1956, pp. 363–367.

ble character of Prince Sihanouk, particularly his statements regarding neutralism and friendship with Communist China made after his visit to Peiping, as well as his apparent refusal to believe in the good intentions and preferred friendship of Thailand, made it extremely difficult to put Thai relations with Cambodia on a sound basis. The Prime Minister mentioned as an example the border dispute which they are having with Cambodia. (There is attached a brief memorandum on this subject giving the facts as we know them in the Embassy.[4])

The Secretary remarked briefly about some of the conversations he had had with Nehru in India,[5] and said that he felt Nehru was genuinely worried over the future of India and seemed uncertain where his present policy would carry India.

As he had done earlier in his conversation with the King, Secretary Dulles described at some length his conviction that in order to fight the evil forces of international Communism, it is necessary to have a strong, vigorous and active spirit of anti-Communism. Such a strong spirit is necessary as an "inoculation" to provide the "fighting corpuscles" necessary to resist the attacks of the Communists. He further emphasized his belief that a policy of indifference or of aloofness to the problem of the spreading of the Communist evil is not sufficiently strong inoculation to protect the body politic from this Communist attack. He said that while the neutralists might be correct, that in the remote and far-distant future—in 100 years or so—the Communists might cease to be predatory, it would be too late for those who had been indolent or indifferent for they would have been consumed meanwhile. The Prime Minister agreed wholeheartedly with the Secretary that it was necessary to be militantly opposed to Communist encroachment and expansion, if one is to survive in this world.

At the Secretary's suggestion, Assistant Secretary Robertson described at length the conversation between President Eisenhower and Prime Minister Eden regarding US policy toward Communist China[6] and the firm opposition in the US to any change in that policy or to any suggestion of allowing Communist China to "shoot its way into the UN". Both the Prime Minister and the Foreign Minister were obviously impressed with what they were told although they had had

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[4]Not printed. As outlined in the memorandum, the boundary dispute between Thailand and Cambodia involved the Khao Phra Wihan ruins of an ancient Khmer temple, which Thailand controlled and Cambodia claimed as historically part of Cambodia.

[5]Dulles stopped in India for a series of five conversations with Indian Prime Minister Jawaharlal Nehru on March 9 and 10. The conversations did not touch on Thailand. Memoranda of these conversations are in Department of State, Conference Files: Lot 62 D 181, CF 675. See also vol. VIII, p. 306.

[6]Reference is to conversations between Eisenhower and Eden in January.

similar reports earlier. The effect of hearing this report from the Secretary himself and the Assistant Secretary obviously impressed them both. The Secretary took over the discussion and emphasized that the conversation between President Eisenhower and Prime Minister Eden showed clearly the President's firm conviction and his determination to support the present policy of the US vis-à-vis Communist China.

The Secretary then discussed briefly with the Prime Minister some of his conversations with both the Prime Minister and the Governor General of Ceylon.[7] The latter were very strong in their praise of the United States firm stand toward Communist China and indicated clearly their hope that there would be no change whatsoever. They also gave the Secretary the impression that they were greatly worried as to what might happen to India when Nehru passed from the scene.

The Secretary asked the Prime Minister and the Foreign Minister if they had anything they wanted to discuss with him. The Prime Minister expressed his great appreciation for aid and assistance which the United States is giving Thailand and was also glad to learn from the Secretary that these programs would now move ahead with normal speed. He went on to say that he hoped that the telecommunications program, survey of which ICA is now undertaking, could upon completion of the survey be financed from the Asian Economic Development Fund. (Ambassador Bishop described briefly the regional telecommunications problems and the ICA survey.)

The Prime Minister made some other remarks about a need for the development of housing for the poor and the desirability of increasing the amount of economic aid for Thailand. He turned to the Foreign Minister who spoke briefly from some notes. (A copy of these notes was sent informally to the Embassy by the Deputy Minister of Foreign Affairs and is attached.[8])

The Prime Minister pointed out that he was facing political difficulties in his country in view of the fact that his Government must go through an election next year. The Secretary jokingly remarked that the American elections were taking place this year but that something might be done after the American elections (to avoid political embarrassment in the US) and before the Thai elections (to

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[7]Dulles visited Ceylon as part of his post-SEATO trip. Memoranda of his conversations on March 11 with the Ceylonese Prime Minister, Sir John Kotelawala, and the Governor General of Ceylon, Sir Oliver Goonetilleke, are in Department of State, Conference Files: Lot 62 D 181, CF 675; see also vol. VIII, p. 266.

[8]Not printed. According to the notes, the Foreign Minister asked for expansion and better implementation of U.S. assistance programs in Thailand, and made a specific request for $20 million in additional economic assistance to finance hospitals, schools, and housing for the poor.

help out the Thai Government). The Secretary, however, was noncommittal on the problem of more economic aid for Thailand and the Thai did not press the matter.

The Prime Minister asked whether there was any intention to change the controls on trade with Communist China. He apparently had reference to the press reports that President Eisenhower had agreed with the UK that conversations on this subject would be held. The Secretary explained at some length that President Eisenhower had agreed to review the problem of controls on trade with Communist China *from the standpoint of benefits to the free world.* The Secretary indicated that it is likely that there might be some minor changes in the existing controls. He emphasized, however, his belief that the changes would be minor and explained that the United States itself has no intention whatsoever to relax its total embargo on trade with Communist China. He went on to say that there were indications that the British were "cooling off" somewhat in their eagerness to press for closer relations with Communist China. He attributed this in part to the fact that the British, following the talks with President Eisenhower, no longer could imagine any weakening in US policy. The Prime Minister pointed out that there was a great deal of pressure in this country to trade with Communist China. He went on to say that Communist Chinese goods had come into Thailand in relatively substantial quantities recently, such goods as fountain pens, cheap cotton blankets, thermos bottles and other similar commodities. Deputy Foreign Minister Rak remarked that the Chinese Communists' offensive was more psychological than economic and that it was being pressed vigorously. The Secretary said that it was hard for him to understand how people could be impressed by such activity on the part of the Communists particularly when the Communists' purposes were so transparent. Communist China was short of such consumer goods and does not have enough to supply even the minimum wants of its own people. The Communists put out these goods merely as "bait" and for the sole purpose of entrapping their intended victims. Once a nation has fallen for this enticement, the people are engulfed and the bait is extended on beyond them to the next proposed victim leaving those who fell for the Communist proposal without their freedom and without an adequate supply of consumer goods.

Following some general conversation, the meeting broke up about 6:35 p.m. in order to proceed with the public signing of the Atomic Energy Agreement.[9]

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[9]For text of the agreement between the United States and Thailand concerning the civil uses of atomic energy, see 7 UST 416.

490. Telegram From the Secretary of State to the Department of State[1]

Saigon, March 14, 1956—1 p.m.

Dulte 28. Eyes only Acting Secretary from Secretary for President.

Dear Mr. President:

I have now completed my visit to Bangkok and am en route to Saigon. The Bangkok visit was most agreeable. I met with the King and Queen, signed an atomic reactor agreement, and had talks with the Prime Minister and the Foreign Minister, Prince Wan.

There are some problems principally relating to the slippage in military and economic performance, but the relationship is highly satisfactory.

The Prime Minister went out of his way to deny in a most categorical manner reports of trend toward "neutralism". My own feeling is that these reports grew primarily out of a certain feeling that we ourselves were changing our attitude and the Thais did not want to be left out on a limb. There is however some underlying trend toward closer relations with Chinese Communists, but it is now under governmental control.

I think now our relationship has been satisfactorily firmed up and that we can continue to count on the Thais so long as they think they can count upon us.

You might be interested to know that I am reliably informed that Nehru told the French Ambassador that my talks with him "had gone off very well".

Faithfully yours, Foster.

Dulles

[1]Source: Department of State, Central Files, 110.11–DU/3–1456. Secret; Priority. A copy of this telegram in the Eisenhower Library was initialed by Eisenhower. (Eisenhower Library, Whitman File, Dulles–Herter Series)

491. Memorandum From the Secretary of Defense's Deputy Assistant for Special Operations (Godel) to the Assistant Secretary of Defense for International Security Affairs (Gray)[1]

Washington, March 21, 1956.

SUBJECT

FY 1957 MDAP Objective for Thailand

1. This office has noted the findings of the NSC (NSC Action 1527[2]) on the above subject, and specifically has noted that the Planning Board in reviewing NSC 5405[3] shall in effect review our MDAP commitment to that country.

2. This office recommended at the time this policy was being considered within the NSC structure that the Department of Defense seek to establish the fact that an extension of the missions of the Thai military forces would almost inevitably lead to virtually irresistible requirements for an expansion in our present MDAP program for that country. It is our understanding that this view was expressed as a part of the Defense position during NSC consideration.

3. As you are aware, representatives of this office have recently returned from Thailand where they participated in extensive discussions for intelligence purposes with virtually every significant leader in the Thai Government as well as with U.S. officials assigned there. It is considered that the intelligence data obtained may be of value to you and your staff during the forthcoming review called for in NSC Action 1527. The basic facts obtained are as follows:

a. The 1950–55 MDAP deliveries for Thailand are virtually complete.

b. The 1956 MDAP program involves only replacement parts and two special grants: one to General Srisdi in the amount of some $27 million and one to General Phao in the amount of some $25 million. The bulk of these funds is committed to economic and defense support projects.

c. There is no substantial "hardware" 1956 MDAP program for Thailand and none is contemplated at this time for 1957.

d. The Thai Government, while it undoubtedly recognizes that its ten regimental combat team and equivalent Air and Navy military structure exceeds the force required to perform the previously agreed MDAP mission of maintaining internal security, also makes it abundantly clear that it could not accept politically an extension of this mission without a commensurate augmentation of its MDAP program.

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[1]Source: Washington National Records Center, OASD/ISA Files: FRC 60 B 1339, 091.3 Thailand 1956. Top Secret.

[2]Regarding NSC Action No. 1527, see footnote 8, Document 488.

[3]See footnote 2, *ibid.*

This judgment is supported by the fact that even the counterpart support which entails the provision of quarters, vehicles, etc., to our MAAG, is a major political issue within the Thai parliament and has resulted, we understand, in a U.S. decision to undertake this support with U.S. funds.

e. The Thai Government wishes to propose the following:

(1) MDAP support for 18 regimental combat teams, including 3 air-borne battalions.

(2) MDAP support for the construction of the Satahip Naval Base.

(3) Some method of providing properly operational piston aircraft as a replacement for F8F's, replacement parts for which are available only through cannibalization which is ineffective and self-defeating.

(4) Economic assistance designed to provide an effective base for the maintenance of such forces.

4. The individual personalities in the Thai Government, including the Prime Minister and the chiefs of the three military services, as well as the "chief of police", are in the habit of speaking very frankly and on the record honestly to the officials who derived this intelligence data from them.

5. There is attached[4] for your information a proposal on this subject written by General Srisdi and handed personally to a representative of this office. This proposal was given with the understanding that it would be "read'. during one morning and returned that afternoon. General Srisdi requested informal views as to the reception this "dream proposal" would receive if submitted. It was, of course, reproduced and copies left on an "exclusive for" basis with the Chief, MAAG Thailand. The attached copy was brought back to the U.S.

6. General Srisdi was advised after consultation with the Chief, MAAG, that the proposal was so extreme as to require extensive modification before submission. He was not advised that copies were made.

7. Your attention is invited, however, to the fact that the Deputy Commander-in-Chief of the Thai Air Force will visit Washington in June and one or another of the key Army officials will also visit the U.S. Without doubt the matter of increased aid will be raised with you, despite the fact that these visits are "unofficial".

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[4]Not found attached. Apparent reference to a document found in the same file, entitled "Requirements for Support 1956," which was prepared in the Thai Ministry of Defense and approved by General Srisdi in November 1955. This proposal outlined support requirements totaling $157,663,642 to "maintain" Thai military forces. It also sketched programs for the expansion of the armed forces of Thailand as well as related industrial and transportation sectors of the Thai economy.

8. Furthermore, when the Thai Government learns, as it must, of the expanded role envisioned for its armed forces—whether this information be elicited from our MAAG or through diplomatic channels—a formal request for increased aid, probably a modification of the attached, will be forthcoming.

9. It would be the judgment of this office that such a request submitted through diplomatic channels will quickly assume the proportions of an "emergency requirement" and that pressures on the U.S. Department of Defense to make an adjustment in its MDAP programs will be considerable.

10. This information is provided you for your use only with the request that the source and contents of the attachment be protected. It is also requested that the document be returned to this office when it has served its purpose.

11. If further amplification is desired, this office would be pleased to provide a more extensive oral briefing.

W. H. Godel

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492. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, March 22, 1956—8 a.m.

2749. 1. Press announcement last week on conclusion of US PL–480 rice agreement with Indonesia followed within few hours by announcement of United States rice agreement with Pakistan[2] has provided unfavorable editorial comment and disturbed Thai Government officials. Both agreements were cited as partial justification by Luen Buasuwan[3] for his negotiations with ChiComs. Embtel 2644, March 13.[4] They have also been cited by leftist and opposition press as illustrative alleged primacy placed by United States on disposal of its rice without reference to impact on Thai economy.

2. Dodge Council precepts, Baldwin mission visit and Departmental statement (e.g., last para Deptel 1940, December 16[5]) clearly

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[1]Source: Department of State, Central Files, 411.56D41/3–2256. Confidential. Repeated to Karachi and Rangoon.

[2]See footnotes 2 and 3, Document 487.

[3]Luen Buasuwan, Chief Executive of the Thai National Economic Development Corporation and Managing Director of Taharn Samakki, a company with extensive rice trading interests.

[4]Not printed. (Department of State, Central Files, 492.9341/3–1356)

[5]Not printed. (*Ibid.*, 411.90B41/12–1655)

indicate United States Government awareness need avoid impairing relations with Thailand by surplus disposals.

3. However, Department will appreciate extreme sensitivity of Thais to any disposal of United States rice in Asian markets. This sensitivity heightened by pressures on government to relax embargo policy regarding ChiCom.

4. Although Thai rice export sales in 1955 exceeded expectations and resulted in abnormal year-end price rises with below average stock carry-over, total export sales volume and value was approximately 30 percent below previous seven-year average. Export availabilities for 1956 from turn of years harvest estimated at slightly more than 15 million tons or more than 300 thousand tons above 1955. Although Minister Economic Affairs optimistic as to ability in course of year to dispose of 1.3 million tons of this surplus, firm contracts are slow of conclusion. Moreover, Japanese thus far failed place any contracts hoping thereby to induce Thais to reduce prices by 12 and 1/2 percent from 1955 average. In interim, large quantities paddy are stored on farms. Consequently, increasing nervousness prevails among rice exporters, with government officials being criticized for alleged over-optimism. Sensitivity to press announcements (para 1) is therefore the more acute.

5. It had been our understanding that the United States was prepared fully and frankly to keep Thai Government thoroughly conversant any proposed United States surplus rice sales and justifications therefor. TG officials privately contend we have not done so. Thus, Foreign Office asserts Thai Ambassador at Washington was informed by Department of proposed Pakistan deal only March 1, without any indication of prospective quantities, and only one day before United States agreement publicly announced. Consequently, in Foreign Office view, Thailand not given adequate notice or opportunity to comment. Foreign Office says special Pakistan rice purchasing mission earlier had informed Thai Embassy at Rangoon that it contemplated purchase of 50 thousand tons from Burma and same quantity from Thailand. At Pakistan mission request TG was preparing price quotations when United States announcement made. Nothing further has been heard from Pakistan mission by Foreign Office due, in Foreign Office view, to United States agreement which it considers responsible for loss of potential sale. Deptel 2895, March 9[6] indicates Thai Ambassador has made initial complaint to Department. Embassy would appreciate comments on validity Foreign

[6]In telegram 2895 to Bangkok, the Department referred to the complaint lodged by the Thai Ambassador that the rice agreement with Pakistan deprived Thailand of rice sales. (See Document 487.) (Department of State, Central Files, 411.90D41/3–956)

Office contention inadequate notice of Pakistan deal and quantities involved given to Thailand.

6. Under Secretary Minister Economic Affairs privately disputes Foreign Office view United States agreement interfered with potential direct Thai sales to Pakistan. (Says Pakistani mission wanted delivery within two weeks of 10 thousand tons special grade parboil rice then available only limited quantity Thailand.) However, he agrees with Foreign Office on the inadequacy of Department's notification. More importantly, he perturbed by press revelation this week prior receipt any official communications from Thai Embassy, Washington of United States intention purchase 10 thousand tons Burmese rice for delivery to Pakistan. He says 20 thousand tons Thai rice now available for immediate sale to United States for delivery that destination and inquires whether United States willing treat Thailand same fashion as Burma. Embassy would appreciate immediate instructions as to response appropriate to make.[7]

7. Department will appreciate likelihood acknowledgment to TG or press United States purchases from Burma were partially politically motivated will reenforce those elements in TG who favor a more neutralist foreign policy and expansion of trade and other relations with Soviet bloc as means of extracting greater aid from United States. On other hand, failure to keep TG fully apprised of PL 480 rice sales and special circumstances attending deal with Burma would not be conducive to maintenance of partnership arrangement.

Anschuetz

[7]In telegram 3126 to Bangkok, March 30, the Department explained that "overriding political considerations" dictated that the United States purchase rice from Burma rather than Thailand to meet the needs of Pakistan. The Department suggested that the Embassy remind the Thais that the United States had similarly met a Laotian emergency with a purchase of rice from Thailand. (*Ibid.*, 411.56D41/3–2256)

493. Letter From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Ambassador in Thailand (Bishop)[1]

Washington, April 18, 1956.

DEAR MAX: Thank you for your letter of March 27[2] on sales of United States surplus rice in Asian markets. Most of the points you raised were, I believe, covered by our Telegram No. 3126.[3] As we stated in this telegram, the disposal of United States surplus crops in world markets is one of the most difficult problems we have to face today. I feel quite strongly, at least in so far as sales of United States rice in Asia are concerned, that this program is on balance detrimental to United States national interests and I so informed the House Foreign Affairs Committee last week. I did so while testifying before the Committee during the course of the hearings on next year's Mutual Security Program appropriation.

As you point out, there is a conflict of interest between the United States domestic agricultural policy and our foreign policy. There is also, of course, the additional conflict in our foreign policy objectives when our interests can be furthered in one Asian country by accommodating a request for PL 480 rice but jeopardized in another by meeting such a request. All of these factors came into play in the Indonesian and Pakistan cases.

As you are aware, I am sure, from the beginning of the PL 480 program, we in FE have been consistently against sales of surplus rice in Asia. Even after it was decided to sell substantial amounts of rice in Asia, we felt so strongly that no sales should be made without consultation with the Asian rice exporting countries that we sent a special mission to Southeast Asia about a year ago, under Chuck Baldwin, to explain our program. While, in effect, gently breaking the news that it was United States policy to try to dispose of substantial quantities of United States rice in Asia, the Baldwin Mission stressed that in doing so we would try to protect normal Asian marketings.

When the Indonesian request first came in for 250,000 tons, we originally took a dim view of it. As you surmised, there was consid-

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[1]Source: Department of State, SEA Files: Lot 58 D 209, Thailand 1955 and 1956. Confidential; Official–Informal. Drafted by Leonard S. Tyson and Arthur C. Lillig of SEA.

[2]In this letter to Robertson, Bishop reiterated the concerns expressed in telegram 2749 from Bangkok, *supra*. Bishop called upon Robertson to "prevent recurrence" of what he saw as a failure to consult adequately with the Thai Government before authorizing competing rice sales in the Asian market. (Department of State, Central Files, 411.56D41/3–2756)

[3]See footnote 7, *supra*.

erable pressure within the United States Government, however, to go ahead with this, particularly since the justification which the Indonesians presented seemed to fall within the criteria of the Dodge Council; i.e. the rice was presumably to be used for stockpiling, to increase consumption, would not result in material injury to Thailand or Burma, and would not decrease purchases of rice which Indonesia would otherwise procure in Asia. Nevertheless, we promptly informed both the Thai and Burmese Embassies here in Washington that a substantial tonnage of rice was being considered for Indonesia. You will understand that we could not then tell them the quantity since it was still being negotiated.

It is noteworthy that at no time did either the Burmese or the Thais ever follow-up on our conversations by any representations to us on the proposed rice sale. In addition, we advised the Indonesians during the course of the negotiations that we could not even consider their request for 250,000 tons until and unless they themselves had talked to both the Burmese and Thais and could assure us that they had no objections. At the same time we also required the Indonesians to give us assurances that they would buy at least the usual amount of rice from Burma and Thailand, their normal suppliers. The Indonesians did consult with the Thais and Burmese and informed us that neither of these two Governments had any objections and indeed showed sympathetic understanding of the Indonesian plight. Still not satisfied with this, you will recall that we instructed both Embassies Rangoon and Bangkok to verify these Indonesian assurances.[4] Even after Embassy Rangoon confirmed the Indonesian assurances as far as Burma was concerned, we still held out. When, however, Telegram 2042[5] arrived from Embassy Bangkok confirming, in effect, that the Thais had raised no objection to the Indonesian sale and that they were "sympathetic to Indonesia's attempts to solve its foreign exchange and rice deficit problems through purchases of some United States rice under PL 480", we could no longer stand against the position which others in the United States Government were taking. This was strengthened by the fact that on the same day, in response to our request of January 13[6] (that Embassy Djakarta advise us of the precise nature of Indonesian assurances to the Burmese and the Thais and whether the Indonesians had agreed to purchase 400,000 tons of rice from Burma and Thailand) Embassy Djakarta replied that Indonesia had already contracted to purchase

[4]Telegram 1027 to Djakarta, December 16, 1955, repeated to Bangkok and Rangoon; see footnote 5, *supra*.

[5]Telegram 2042 from Bangkok, January 18, not printed. (Department of State, Central Files, 411.56D41/1–1856)

[6]Telegram 1145 to Djakarta, January 13, also sent to Bangkok and Rangoon, not printed. (*Ibid.*, 411.56D41/1–1356)

200,000 tons of rice from Burma and Thailand and was negotiating for an additional amount.[7] The Indonesian Government had also advised Embassy Djakarta that it preferred not to give the Burmese and Thais definite assurances that it would purchase a total of 400,000 tons without knowing conditions, price, delivery dates, etc., since, in its opinion, to do so would give the Burmese and Thais negotiating advantages. Finally, just before the Agreement itself was signed, we again informed the Thai and Burmese Embassies.

The fact that the Indonesians were acting in good faith is borne out by a Government purchase of 100,000 tons of rice so far in 1956 from Thailand plus a 10,000 ton private purchase, and by its decision, announced in Djakarta's Telegram No. 2459 of April 11, repeated to Bangkok No. 46,[8] that it was importing an additional 90,000 tons of rice from Thailand. As a footnote, it should be borne in mind that the PL 480 sale to Indonesia was itself highly desirable from the standpoint of our relations with Indonesia, particularly since we wished to have the Agreement signed by the relatively pro-Western Harahap government.

The Pakistan PL 480 program was the result of a serious food shortage and was consummated on a crash basis. Pertinent telegrams from Karachi and the Department relating to the Pakistani request were repeated to you on February 10 and 16.[9] Because of heavy flooding and insect damage in East Pakistan, famine of such severity threatened that the Pakistan Government wished to keep the details from its people. Since it was asserted that the Pakistani had no history of rice purchases from Thailand and, for that matter, from Burma, and since the Pakistani foreign exchange situation was so poor that Pakistan could not have covered its needs out of its own earnings, this case again seemed to fall clearly within the criteria of the Dodge Council. You are aware that the United States Government, through its aid program, is already subsidizing a very large part of the Pakistani foreign exchange and budget position. Another factor was that Pakistan is a member of both SEATO and the Baghdad Pact. In view of the speed with which the PL 480 agreement had to be concluded, we could not give the Burmese and Thais much advance notice, particularly since it would have been most difficult for us if either had raised any strenuous objection. As it happened, neither did at the time we advised their Embassies here.

Furthermore, in connection with the Pakistan deal, we were able to acquire from Agriculture approval to go ahead with the Burma

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[7]Telegram 1667 from Djakarta, January 18. not printed. (*Ibid.*, 411.56D41/1–1756)

[8]Not printed. (*Ibid.*, 892.2317/4–1156)

[9]Telegram 1490 from Karachi, February 7, and Icato 954 to Karachi, February 14, were repeated to Bangkok on February 10 and 16, respectively, neither printed. (*Ibid.*, 411.90D41/2–756 and 411.90D41/2–1656)

program calling for the exchange of 10,000 tons of rice for United States technicians. We had been earnestly trying to put across this arrangement ever since U Nu requested such a plan last year when he was in Washington. Conclusion of this type of arrangement was regarded both by Embassy Rangoon and by the Department as of the highest importance in terms of relations with Burma. In so far as advance notice of the 10,000 ton arrangement with Burma was concerned, we could scarcely have informed the Thais even before we could the Burmese. Unfortunately, the news of the forthcoming United States offer to the Burmese leaked to the press from Karachi even before the offer was made to the Burmese. In any event, it would have been quite impossible to have obtained agriculture's agreement to an additional purchase of 10,000 tons of rice from Thailand.

In view of the fact that there appear to be several gaps in your files on these PL 480 agreements, I am having others on my staff assemble a chronological record of the negotiations to complete your records. It will be forwarded under separate cover.[10]

You will be interested in knowing that Agriculture has advised us that it now has on hand approximately 785,000 metric tons of surplus rice which it wishes to market. Two proposals have been made to dispose of this surplus: a 400,000 ton "rice for titanium" deal with Japan and a four-year 500,000-ton PL 480 sale to India. For the time being at least, the Department has adopted the position of FE not to sell any United States surplus rice either to Japan or India, but whether this will become a United States Government position is up to the Dodge Council. In addition to these proposals, the Philippine Government is now requesting 70,000 tons of rice under a PL 480 agreement. We are, of course, doing our best to hold the line but pressures within the Government are great.

I always appreciate having your personal comments on the problem you face in Thailand and on policy matters which you wish to bring to my attention. In the meantime you can be certain that in trying to attain our goals we are bearing very much in mind the importance of Thailand and Burma.

With best personal regards,

Sincerely yours,

Walter S. Robertson[11]

P.S. An additional bit of evidence that PL 480 is double-bladed is the fact that the Secretary of the Burmese Ministry of Finance, who is now in Washington, told us the other day that our PL 480

[10]No such chronology has been found in Department of State files.

[11]Printed from a copy that bears this typed signature.

agreement with Burma will be a very important factor in implementing their development program this coming year. He volunteered the observation that it would be helpful if Burma could count on another such PL 480 transaction next year.

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494. Despatch From the Embassy in Thailand to the Department of State[1]

No. 644 *Bangkok, May 23, 1956.*

REF

Embassy Despatch 507, March 21, 1956[2]

SUBJECT

Assessment of Recent Thai Contacts with the Chinese Communists

In the reference despatch, the Embassy summarized a considerable number of intelligence reports indicating that during the period December 1955 to March 1956, certain Thai were in contact and negotiating with Chinese Communist officials. That these contacts were made with the knowledge and consent of Police Director General Phao Sriyanon and the then Deputy Prime Minister Phin Chunhavan is asserted by many of the intelligence reports and can be concluded with virtual certainty from some of the circumstantial evidence involved. This conclusion rests primarily on the following facts and considerations:

(1) That MP's Amphorn and Sa-ing, who went secretly to the Chinese mainland in December 1955 and returned in February 1956, had, by their own admission, been proteges of Phao in the past; that Luen Buasawan, principal financial agent and political manipulator for Phao and Phin, told an Embassy officer that he had financed their trip abroad, although alleging that he did not know they were going to the mainland (Embassy Despatch 532, April 4[3]).

(2) That Amphorn and Sa-ing, who upon their return to Thailand on February 11 gave the press glowing accounts of conditions in Communist China, were not taken into custody until March 5 and were shortly released on bail. Police charges of their having violated the Anti-Communist Activities Act were recently dropped altogether. On the other hand, another group of MP's, led by Thep Chotinuchit,

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[1]Source: Department of State, Central Files, 792.00/5–2356. Secret. Also sent to Vientiane, Phnom Penh, Singapore, Kuala Lumpur, Rangoon, Saigon, Hong Kong, and Taipei.

[2]Not printed. (*Ibid.*, 792.00/3–2156)

[3]Despatch 532 provided a detailed account of the efforts of Luen Buasuwan to foster Thai rice sales to the People's Republic of China. (*Ibid.*, 492.9341/4–456)

which returned on February 17 from a public visit to the China mainland, was immediately arrested by the police, has been in custody ever since, and is now being prosecuted under the Anti-Communist Activities Act. The public statement of Amphorn and Sa-ing were almost as favorable from the point of view of the Chinese Communists as were those of the Thep group. The principal charge that the Government is bringing against the Thep group—that they served Communist propaganda purposes—would apply equally to Amphorn and Sa-ing. The fact that the charges against Amphorn and Sa-ing have been dropped, whereas the Thep group is being prosecuted, therefore indicates definitely that Amphorn and Sa-ing are being given special protection, in all probability because their trip was sponsored by Phao and Phin.

(3) That Luen Buasawan admitted to an Embassy officer on March 13 that he was negotiating with Chinese Communist agents for the sale of Thai rice, although asserting that he was doing so on his own initiative and without Phao's knowledge (Embassy Despatch 532).

(4) That Luen's relationship with Phao and Phin was so close as to preclude the possibility that he would have undertaken such a major step as these negotiations, or financing the China trip of Amphorn and Sa-ing, without at least the tacit consent of Phao and/or Phin. (Embassy Despatch 562, April 17.[4])

The balance of the intelligence cited in the reference Despatch serves for the most part to supplement and support the points outlined above. In addition, there are other considerations which, although not conclusive in themselves, help to put in perspective the recent maneuverings of Phao–Phin vis-à-via the Chinese Communists.

Before mentioning these considerations, however, it should be borne in mind that Marshal Phin, who is Phao's father-in-law, and Phao have for some years been the leaders of a political clique, based in part on family relationships, which has competed for power within and sometimes dominated the ruling oligarchy of the Thai Government known as the "Coup Group". The Phao–Phin clique has had its ups and downs, and the latest turn in its fortunes is Phao's emergence from the political eclipse which he suffered (just as he was reaching for supreme power) at the hands of Prime Minister Phibun beginning in August 1955 (Embassy Despatch 126, September 7, 1955[5]). The key members of the Phao–Phin clique have operated

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[4]Luen Buasuwan was killed in an airplane accident on March 31. In despatch 562, the Embassy staff assessed the political effect of Luen's death and concluded that it was "a serious blow to the fortunes of the power group within the Thai Government which centered around Police Director-General Phao Sriyanond and Field Marshal Phin Chunhawan." (*Ibid.*, 792.00/4–1756)

[5]Despatch 126 detailed cabinet changes and related political moves made by Prime Minister Pibulsonggram in August 1955 aimed "at redressing the political balance of power and checking the political advances of Police Director Phao Sriyanon." (*Ibid.*, 792.13/9–755)

as a unit; it is generally accepted that when any one member of the clique acts on a matter of political significance, the other principal members have been consulted and approve.

Throughout at least the latest years of Phao's political career, he has demonstrated a strong tendency to maintain contact with a great variety of political elements, both domestically and in neighboring countries. While Phao's operations in this regard have seemed frequently erratic and impulsive, they appear to have been governed by the idea that it is desirable to be in contact with, or to have some leverage over, as many political elements as possible of present or potential utility. While such tactics are not out of keeping with Thai political tradition, Phao has pursued them with unusual initiative and energy. Political self-interest is apparently the dominant motive, and, although Phao may equate this with the national interest, it has led him into ventures which were highly irresponsible from the point of view of national policy.

One illustration of Phao's political expediency is particularly pertinent. The Embassy's limited records reveal that in 1952 and early 1953 there was a series of developments indicating that Phao at that time was cultivating active supporters of Pridi Phanamyong, former Thai Prime Minister, who had only recently sought refuge in Communist China. The evidence of these contacts was not conclusive, but the Embassy at that time apparently accepted it as probably accurate and in character for Phao, and allowed for the possibility that Phao was even maintaining contact with Pridi himself. What Phao hoped to gain is problematical. It may be that he wished merely to win over Pridi supporters within Thailand to his own camp. Perhaps in addition he had in mind the possibility that it could be useful to have available a channel of contact with Pridi in the event that Peking's strength and influence should continue to increase.

It is not altogether surprising, therefore, to find that three years later Phao has become involved in contacts with the Chinese Communists. Phao's recent maneuvers become all the more plausible when one considers the political atmosphere in which they were initiated. For some months there had been developing in Thailand a considerable public interest in the possibility of improved relations with Communist China, including the establishment of direct trade. This interest was an outgrowth of international developments during 1955 signifying the relaxation of East-West tensions and which apparently led many Thai (and Chinese residents of Thailand as well) to conclude (a) that the growing prestige of Communist China required some kind of adjustment by Thailand in order to avoid being left in a position of splendid isolation, and (b) that it was foolish, in any event, for Thailand to continue to be one of the few free nations in the eastern hemisphere which refused to take advantage of trade

opportunities with Red China. The latter conclusion was reinforced in the minds of the Thai by the apparent willingness of the United States to continue substantial economic aid to other allied and neutral governments irrespective of the attitudes maintained by those governments toward Communist China. These thoughts found expression in a wide-spread press campaign, made possible by the Prime Minister's relaxation of censorship, which included attacks on alleged U.S. domination of Thailand, with particular reference to Thailand's military burden, and criticism of the inadequacy of U.S. economic aid to Thailand (Embassy Despatches 373 and 374, January 11, 1956[6]). While the campaign was spearheaded by the left-wing press and exploited by opportunistic or pro-Communist fringe elements, it also had the active participation of independent organs and of newspapers controlled by key government leaders including the Prime Minister.

The Thai buttressed their arguments for trading with Communist China by exaggerated references to the difficulties of maintaining Thailand's free-world markets for rice and rubber in the face of the U.S. surplus disposal program and of a prospective reduction in U.S. purchases of natural rubber. Despite belated but strong refutations of this thesis by the Prime Minister, many Thai and Chinese businessmen and editors continued to maintain that access to Communist China's markets would be a remedy for Thailand's present or anticipated economic difficulties. This view undoubtedly also reflected personal pecuniary considerations on the part of businessmen. The interest in direct trade with Red China appeared all the more intense, at times almost neurotic, because such trade was prohibited altogether ("distant fields look greener"). Much of the resulting frustration was directed at the U.S. which many Thai alleged was imposing the trade embargo on the Thai Government while at the same time reducing the normal markets for Thailand's basic exports.

In this situation, Phao and Phin must have considered that they stood to gain in more than one respect by making contact with the Chinese Communists, and they may have persuaded themselves that they had nothing to lose. There was the possibility of negotiating a personally profitable rice deal at premium prices if the Chinese should be agreeable to paying in convertible currency. This would help to recoup the Phao–Phin finances, which, according to some reports, had been suffering for some time. Furthermore, trade talks with the Chinese Communists would demonstrate a friendly attitude which, in the view of Phao and Phin, could do no harm and might be useful insurance for their group, and perhaps the Thai Govern-

[6]Despatches 373 and 374 from Bangkok reported on this press campaign. (*Ibid.*, 692.00/1–1156 and 792.5–MSP/1–1156, respectively)

ment, against the day when Thailand might have to enter into some sort of relations with Red China. While the Embassy does not know what contacts were made by Amphorn and Sa-ing in China, allowance should be made for the possibility that they held conversations with Pridi and/or high Chinese Communist officials. Such conversations, so long as they did not involve important commitments by the Thai, could also have been regarded by Phao–Phin as affording desirable political insurance. Finally, Phao may well have had in mind that his initiative in trade and possible other contacts with the Chinese Communists could pay dividends in terms of increased domestic political appeal. It should draw support for his political comeback from Thai and Chinese interested in trade for trade's sake with Red China, from those who advocate a more independent foreign policy on purely political grounds, and possibly even from the considerable number of former Pridi enthusiasts in Thailand.

Although there have been other indications (aside from the recent Phao–Phin maneuvers vis-à-vis Communist China) of a lenient attitude by Phao and elements of the police toward Communists and pro-Communists in Thailand, there is no evidence that Phao himself is pro-Communist in an ideological sense. The Embassy believes rather that his actions are an extreme manifestation of the Thai political tradition of attempting, as a small nation, to maintain its independence by keeping in line with apparent trends in the international pattern of power. Phao has as much reason to be apprehensive of Chinese, and particularly Communist Chinese, power as other Thai leaders although he apparently is not so wise as others in his assessment of the risks involved in doing business with the Chinese Communists. It is possible that Phao may have considered that his actions in the latest instance were purely economic in character and without political implications. This would be surprising, however, for Phao knew that his moves represented a sharp departure from the long-standing political policy of the Thai Government against any direct trade arrangements with Communist China and, therefore, were by definition politically significant in demonstrating a willingness on the part of a powerful faction of the Thai Government to enter into relations with Communist China.

The question naturally arises as to the extent to which Prime Minister Phibun and other key Government leaders had knowledge of and approved the Phao–Phin contacts with Communist China. Judging by the opposition to trade with Communist China which the Prime Minister has evidenced both publicly and privately, at least until recently, it would appear that Phibun disapproved of the Phao–Phin maneuvers if he knew about them. It is most unlikely that Phibun and other government leaders were unaware of Amphorn and Sa-ing's trip to Communist China and of Luen Buasawan's negotia-

tions, for Bangkok was full of reports of both developments, and such information can hardly have failed to come to the attention of Cabinet members concerned. Phibun told the Ambassador in late February and later the Secretary on March 6[7] that he was being subjected to strong domestic pressure for trade with Red China. It is probable that Phibun was referring to the Phao–Phin maneuvers as well as to other developments. We will probably never know whether Phibun refrained from calling a halt to these maneuvers because he was powerless to do so, or because he had given them at least a tacit approval.

Whatever the Government's position may have been in regard to the Phao–Phin maneuvers during the December–March period, the Government has now (as of May 11) openly acknowledged that it is considering the suitability of easing its embargo on direct trade with Communist China in non-strategic goods (Embassy Despatch 627, May 16, 1956[8]). Although there may be strong differences of view within the Government on this question, and although the outcome cannot now be foreseen clearly, it may be concluded that some of the factors which induced the Phao–Phin trade negotiations have brought the Government to this point. Current indications are that the Thai Government is no longer prepared to resist the pressure for trade with Communist China which arises primarily from the fact that the principal free-world powers (aside from the United States) are engaged in and urging expansion of such trade.

Such a decision by the Thai Government, even though confined to non-strategic goods, would, of course, have adverse consequences for U.S. interests in Southeast Asia. It would very probably be construed by Southeast Asians as representing an alteration in the hitherto uncompromising anti-Chinese Communist posture of the Thai Government. The establishment of direct trade would increase the prestige of Communist China in Thai public opinion, and particularly in the eyes of the Chinese communities in Thailand and neighboring countries, an increase which the Communists would be sure to exploit fully.

However, as the Embassy has already reported, it does not believe that the relaxation of trade restrictions would signify any intention on the part of the Thai Government to recognize Communist China so long as that regime is denied admission to the United Nations, nor would it indicate any weakening of Thailand's strong pro-West position within SEATO. The Thai Government is fully aware of the threat and danger represented by Communist China and is far

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[7]Apparently a reference to Pibulsonggram's conversation with Dulles or March 13. See Document 489.

[8]Not printed. (Department of State, Central Files, 493.929/5–1656)

from eager to develop relations with that regime. Whatever adjustments it makes towards Communist China can be regarded as measures undertaken reluctantly and out of a sense of necessity.

Max W. Bishop

495. Letter From the Deputy Secretary of Defense (Robertson) to the Special Assistant to the President (Anderson)[1]

Washington, June 5, 1956.

DEAR MR. ANDERSON: The Department of Defense and the Department of State, pursuant to NSC Action 1527 (e),[2] have re-examined the programmed shipment of 31 F–84G jet aircraft to Thailand, and for the reasons set forth below have concluded that the Department of Defense should proceed to implement this program.

The six squadrons of propeller driven F–8Fs provided the Royal Thai Air Force under the Fiscal Year 1950–1956 [*1951*] Mutual Defense Assistance Program to meet the force basis determined by the Joint Chiefs of Staff are obsolete and it will soon be uneconomical and impractical to obtain parts for them. On the other hand, parts for jet planes are available. For this reason, the U.S. has assisted the Royal Thai Air Force to institute a jet training program utilizing nine U.S. provided jet planes. In addition, 31 F–84G jet planes have been programmed for delivery in FY 1957 to permit commencement of a program for the gradual replacement of one of the six squadrons of propeller driven planes.

Thailand has already successfully embarked upon the transition from propeller driven aircraft to jet aircraft in the expectation of receiving jets under the Mutual Defense Assistance Program. Furthermore, other nations of the Far East, including some of those associated with Thailand in the Manila Pact, are to receive jet aircraft under the MDA Program. Thus, to interrupt the Thai jet program at this time would not only lead to lessening Thailand's defense capability but would have serious political repercussions. Such a move would be interpreted by Thai leaders as an indication of decreased U.S. interest in Thailand's defense and would thereby increase the risk of a shift by Thailand toward neutralism.

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[1]Source: Department of State, S/P Files: Lot 62 D 1, Thailand. Top Secret. Transmitted to the NSC under a covering memorandum by Lay, June 6, for use at the NSC meeting of June 7. The memorandum of discussion of the June 7 NSC meeting is *infra*.

[2]See footnote 8, Document 488.

Information now available indicates that because of Thailand's limited economic and financial capacity, U.S. support will be required to maintain current force goals and objectives whether or not jet aircraft are provided to Thailand.

For these reasons, unless otherwise instructed, the Department of Defense, with the concurrence of the Department of State, will continue action to supply Thailand 31 F–84G jet aircraft as programmed for FY 1957.

Sincerely yours,

Reuben B. Robertson, Jr.[3]

[3]Printed from a copy that bears this typed signature.

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496. Memorandum of Discussion at the 287th Meeting of the National Security Council, Washington, June 7, 1956[1]

[Here follow a paragraph listing the participants at the meeting and items 1 and 2.]

3. MDA Program for Thailand (NSC Action No. 1527–e;[2] Memo for NSC from Executive Secretary, same subject, dated June 6, 1956[3])

Mr. Anderson reminded the Council of the circumstances under which the Departments of State and Defense had earlier been asked to re-examine the proposed shipment of jet aircraft to Thailand under the Fiscal 1957 Mutual Defense Assistance Program. Thereafter he proceeded to summarize the contents of the letter of Acting Secretary of Defense Robertson,[4] indicating joint State–Defense agreement to the shipment of 31 jets to Thailand in fiscal 1957 as originally planned. (A copy of Mr. Anderson's brief is filed in the minutes of the meeting.[5])

Secretary Dulles commented that he personally had not yet seen the letter of Secretary Robertson indicating joint State–Defense agreement on this point, nor, so far as he knew, had Under Secretary of State Hoover been aware of its contents. In so far as Secretary

[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on June 8.

[2]See footnote 8, Document 488.

[3]See footnote 1, *supra*.

[4]*Supra*.

[5]Not found.

Robertson's letter indicated that the State Department concurred in the equipping of one Thai squadron with jet aircraft, Secretary Dulles had no objection whatever. If, on the other hand, Secretary Robertson's letter was intended to imply State Department agreement to the replacing with jet aircraft of all six squadrons of the proposed Thai Air Force, he would not wish to agree to such an implication without further study of the problem. After all, we did not wish to have another problem on our hands in Thailand similar to that we now faced in Turkey. Accordingly, how much beyond one jet squadron for Thailand we could properly go, in his opinion, required further study.

The President turned to General Twining and inquired of him the additional costs which the maintenance of jet aircraft would have over propeller-driven aircraft. General Twining said that to maintain jet aircraft would certainly cost more than to maintain propeller-driven aircraft. On the other hand, if we had to keep replacing propeller-driven military aircraft, which were now becoming obsolescent, it might cost even more than to replace these aircraft with jets. Not only are we making very few propeller-driven military aircraft now, but in addition, the Thais don't wish to receive planes which they regard as obsolescent. Ultimately, therefore, we would probably have to give the Thais the jet aircraft called for by this program.

The President indicated that, regardless of what might happen in the future, at the present moment the Council was concerned only with the problem of whether to provide jet aircraft for a single Thai squadron.

Admiral Radford said he felt obliged to warn the Council that if we propose to continue the program for building up six Thai squadrons, it would ultimately mean jet aircraft for all six of them. Secretary Dulles said that he had a somewhat different opinion. Would it not be possible to suggest that two or three squadrons of jet aircraft would be equivalent in effectiveness to six squadrons of propeller-driven aircraft? Admiral Radford agreed that it might be so, but that it would be very hard to convince the Thais on the validity of our argument. To withhold the jet aircraft might also raise the question in Thailand of the validity of U.S. assurances of armed intervention if aggression against Thailand should occur. Secretary Dulles replied that he couldn't understand the force of that argument, since we had already made it plain in the SEATO Treaty that we would intervene to resist external aggression against Thailand. Admiral Radford appeared satisfied with Secretary Dulles' point.

Secretary Dulles then observed that as a general rule we might well in the future find it best to put greater emphasis on our own U.S. strategic deterrent powers and less emphasis on the military build-up of allied states with meager economic resources, as a means

of deterring external aggression against these allies. He repeated his suggestion for cutting the six squadrons of conventional aircraft to three squadrons of jet aircraft. He doubted if the Thais needed more or could use them if they got them. Admiral Radford confined himself to pointing out that the Thais were supposed to use these aircraft in close support of their ground forces in the event of hostilities.

Secretary Humphrey said it seemed to him that the problem now before the National Security Council was simply one more illustration of the danger of the United States getting itself committed piecemeal to some program of military assistance before we are in a position to grasp the whole picture of military and economic assistance that we are giving to foreign nations. If we make up our minds to say that we are going to buy just so many jet aircraft, and then let the Joint Chiefs of Staff decide where it was best to put these jet aircraft, that was OK, that was a proper decision for the Joint Chiefs. But we must not carry out these programs piecemeal, deciding to put some aircraft here or there at one time or another. . . . As he had said before, this seemed to Secretary Humphrey a terrible situation.

Acting Secretary of Defense Robertson said that the point that Secretary Dulles had made—that the Thais could count on U.S. assistance in terms of our obligations under the SEATO Treaty—was not wholly satisfactory as assurance to the Thais because, according to the terms of the Treaty, the member nations responded to an aggression against one of their number in terms of their "constitutional processes". Suppose an aggression occurred and, thanks to our constitutional processes, the United States found it impossible to intervene militarily in support of the victim. It was because of such a possibility that the Thais felt that they needed to build up their own armed forces and not to rely completely on the deterrent power of the United States.

To this point Secretary Humphrey commented that there was no end to what we or our allies like the Thais would like to do if there were only someone else to pay for it. He again expressed strong opposition to any such argument as this in favor of what he called a piecemeal commitment to Thailand.

Admiral Radford pointed out that we would be facing an even more severe problem of this general nature in the coming summer, when the Joint Chiefs of Staff would be called upon to give their advice to the members of the Baghdad Pact.[6] If we could give assur-

[6]The Baghdad Pact was established on February 24, 1955, when Turkey and Iraq signed a Pact of Mutual Cooperation. The United Kingdom joined the alliance on April 5, Pakistan on September 23, and Iran on November 3, 1955. The United States did not become a formal member of the alliance. For text of the Baghdad Pact, see 233 UNTS 199.

ances to the member nations of the Baghdad Pact of specific U.S. assistance in the event that any one of them was attacked, we could then be in a position to argue with these states in favor of their maintaining a less elaborate military establishment of their own. If we could not specify such assured U.S. assistance, then we would have to "pick up the tab" for a large proportion of the cost of the military establishments of the Baghdad Pact powers.

Secretary Humphrey again insisted that what we must do is to determine on a certain amount of money which we have to spend for maintaining our national security, and then let the Joint Chiefs of Staff decide where were the best places in which to expend these resources.

Secretary Dulles said that, of course, we were in a position to go quite a long distance in the direction of giving assurances of armed support to Thailand, to Pakistan, and to Turkey, because we were bound to these nations by the NATO or SEATO Treaties. It was more difficult to give the necessary assurances in the case of Iran and Iraq, because we are not, like these two states, a member of the Baghdad Pact. Admiral Radford intervened to state that nevertheless we must be ready to comment on the wisdom of the military planning of the Baghdad Pact nations this coming summer.

. . . . . .

The President said he was inclined to agree with Secretary Dulles, but that nevertheless the Secretary had not supplied an answer to Admiral Radford's problem of what to say to the Baghdad Pact military planners this summer.

Governor Stassen said that he believed that we could neither, on the one hand, specifically guarantee what we would do by way of assisting against overt aggression all over Asia, nor, on the other hand, could we promise to assist in maintaining great build-ups of local military forces in the states all over Asia. To this Admiral Radford replied that whether we could do it in theory or not, we had actually made tremendous commitments to Korea, Japan, Formosa, and others. The President intervened to comment philosophically that this was one more instance of the familiar difficulties which confronted a nation which had to work with its allies. We were bound to encounter such difficulties in these dealings, and we might just as well become reconciled. However, Governor Stassen insisted that the economic situation in Thailand was serious enough, whether we supplied jet aircraft or not. If to an already difficult situation we add the additional costs involved in jet aircraft, we must cut down on some other part of the Thai military program, or else we should

be confronting in Thailand a problem of the same proportions as we were facing in Turkey.

The President said that in a sense he agreed with Governor Stassen, but reminded Governor Stassen that our decision in the first instance to provide jet aircraft to Thailand was taken on the determination that it served the national interests of the United States. The President added to this a statement of his belief that it was best, in general, to encourage these small Asian states to build up their ground forces rather than their air force and navy. They could depend on the United States for air and naval support, and would be wise to concentrate on ground forces, which the United States would find it more difficult to provide in case of aggression. It might be possible, thought the President, to get some of these countries to revamp their military establishments to take account of a greater emphasis on the provision of ground forces. Governor Stassen said that he agreed heartily with the President's point, and said that we could add a few jets for prestige purposes.

At this point Mr. Anderson inquired of the President as to the Council action on this matter. The President said the action should indicate that we would go ahead with the plan to provide Thailand with one squadron equipped with jet aircraft. We would thereafter try to get a limitation on the provision of jet aircraft for the remaining five squadrons through the means of conversations between our military authorities and those of Thailand.

Secretary Humphrey said that, in principle at least, he objected even to the provision of one squadron of jets to Thailand. If we gave them jet aircraft for one squadron, there would be no stopping until they had got five more squadrons of jets.

The Director of the Budget[7] reminded the Council of the action (NSC Action No. 1550[8]) taken at the May 3rd meeting by way of limitations on future promises or commitments involving expenditures of U.S. funds for foreign assistance. Had the Council not decided at that time to hold up further commitments until we got the report of the Prochnow Committee in the case of those countries whose economic resources were insufficient to maintain a large military establishment without very considerable U.S support?

Secretary Humphrey said that Thailand was certainly included in the schedule of Prochnow Committee reports, and he recommended that no action be taken to provide jet aircraft to Thailand until after

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[7]Percival F. Brundage.

[8]Entitled "Policy Regarding Future Commitments for Foreign Assistance." (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1956)

receipt of the Prochnow Committee report on the economy of Thailand.

The Vice President pointed out that there was no implication in Acting Secretary of Defense Robertson's letter that we would supply more than one squadron of jet aircraft. On the other hand, Admiral Radford said that as far as the Thais were concerned, they understood that this first squadron was only the beginning of a conversion program which would ultimately result in all six of these squadrons being re-equipped with jet aircraft. Accordingly, our only recourse was to try to convince the Thais that they did not need as many as six jet squadrons.

Secretary of the Air Force Quarles contradicted Admiral Radford, and stated that the Thais clearly understood that the United States had committed itself to one jet squadron and only one such squadron. If other squadrons were to be equipped with jet aircraft, this would be a new subject of negotiation and agreement with the Thai authorities.

The National Security Council:[9]

a. Noted and discussed the report, pursuant to NSC Action No. 1527–e, on the reexamination by the Departments of State and Defense of the proposed shipment of jet aircraft to Thailand under the FY 1957 MDA Program, contained in the enclosure to the reference memorandum of June 6.

b. Noted that the Department of Defense action to replace one Thai squadron of propeller-driven planes with jet aircraft is being taken pursuant to authorization granted in 1954.

c. Noted the President's directive that:

> (1) No further commitment should be made to Thailand for jet aircraft beyond the one squadron, pending the review of the objectives of military assistance to Thailand as directed in NSC Action No. 1527–c.
>
> (2) In connection with such a review, the Department of Defense should explore the possibility of modifying the Thai Air Force program with a view to reducing future requirements for jet squadrons and to determining the most appropriate number and type of aircraft to fit Thailand's needs and capabilities.

Note: The actions in b and c above, as approved by the President, subsequently transmitted to the Secretary of Defense for appropriate implementation.

S. Everett Gleason

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[9]The following paragraphs constitute NSC Action No. 1572. (*Ibid.*) It was approved by Eisenhower on July 9.

497. Memorandum From the Director of the Office of Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, June 7, 1956.

SUBJECT

Thailand

Various reports from Thailand point to disturbing signs and trends, particularly the increased Chinese Communist campaign to subvert the Thai people and to intimidate the Overseas Chinese. These reports also allude to a reassessment of relations with the United States which some Thai leaders appear to be making. I am apprehensive that we are not sufficiently aware of these trends and therefore not concentrating the most effective means for dealing with them. Accordingly, I think we should give more attention to Thailand and examine the desirability of stepping up our programs and operations there. In my opinion we unfortunately lack the information in Washington on which to evaluate these trends or to determine more effective courses of action. I have checked over the despatches and telegrams from Bangkok sent in during the past several months and cannot find sufficient degree of political and economic reporting and evaluation to help in the formulation of policy and programs. I am rather concerned that there have been so few recommendations from the mission regarding Thailand.

In my judgment we should be actively considering an expansion of economic and technical assistance for Thailand, an acceleration and simplification of aid procedure for that country as well as many others, and a rapid increase in the impact and effectiveness of our aid throughout Thailand. For example, economic assistance for FY 57 is to be continued on virtually the same magnitude as FY 56, that is, about $30 million. However, at the urging of this Bureau ICA is tentatively programming $50 million for FY 58. I am afraid that effects of that increase will be much too long in coming, particularly in view of the elections scheduled for the spring of 1957.

One of the difficulties in dealing with the problem of neutrality and collective security in Asia is that our Asian allies question U.S. aid for neutrals and make invidious comparisons between the relative amounts. I believe it to be the view of this Bureau that we cannot and should not exclude the one for the other. Aid for neutrals is a contentious issue in Thailand. There are two possible ways to reduce this attitude. One is to explain to the Thais the vital importance to

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[1]Source: Department of State, SEA Files: Lot 58 D 782, U.S. Grant Aid. Confidential.

Thailand of maintaining the security and independence of all its adjacent neighbors two of whom are neutrals. The other way to allay such criticism is to increase our assistance where it can be justified on its merits. For example, the Thai Government has already suggested an increase of some $20 million for hospitals, schools and such projects in order to produce an effect on the Thai population.[2] With elections coming up in April, 1957, and a political campaign in the offing, the Thai Government is anxious for support from us and from the majority of the Thai people. The ICA mission in Bangkok is already undertaking a re-evaluation of its programs and operations.

I have no general recommendations to make in this memorandum except to express the hope that you may be able to use your influence in high levels in Washington to emphasize the vital importance of doing everything we can to strengthen and maintain a free Thailand strongly allied to the U.S. and developing into a resourceful partner in the long-run struggle against Chinese Communism in Asia. Aside from pointing this out in the State Department and ICA, there is one other concrete matter. I would hope that you might mention to Mr. Black or Mr. Garner of the IBRD the desirability of financing for the Yanhee Dam.[3] If the IBRD could approve this project in the near future it would mean a great deal to Thailand and to our objectives there.

[2]See footnote 8, Document 489.

[3]The Yanhee hydroelectric and irrigation project was proposed for IBRD financing as an undertaking that would supply power for the Bangkok area as well as the central plain of Thailand, and would also provide for flood control and the improvement of irrigation in the plain.

498. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, June 13, 1956—6 p.m.

3529. Prince Wan informed DCM[2] of Thai Cabinet decision today remove non-strategic items from list goods embargoed under UN resolution. He explained this would free, inter alia, rice and timber but not tin or rubber.

[1]Source: Department of State, Central Files, 493.929/6–1356. Confidential; Priority.

[2]Norbert L. Anschuetz.

Wan conceded no real economic justification existed for this action and emphasized decision would not result in appointment trade commissioner to Red China or affect Thai attitude towards recognition Red China.

DCM stated Thai decision would be deeply regretted by U.S. Government, not only because of general political implications but also because coming in wake U.K. decision re Malayan rubber, general impression of crumbling sanctions vis-à-vis Red China would be strengthened.

Bishop

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499. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, June 16, 1956—noon.

3557. Reference Embtel 3529.[2]

1. Thai Cabinet decision to "normalize" trade with all countries including Communist China (except for strategic items) was result following pressures:

a. From opposition political elements castigating government as US puppet, as callous to people's need for cheap Chinese goods, etc.

b. From merchants and influential elements within government seeking quick profit (undoubtedly some bribed by Communist gold).

c. From foreign elements, particularly Indian and British, who would appease Communism in Asia.

2. These pressures, heavy and constant for many months even before my arrival here, have often been on verge success and[3] genuinely desirous winning honest majority fairly, is especially sensitive to political attack and criticism at this time. Furthermore, Prince Wan, seeking world-wide approval his candidacy UN General Assembly and sensitive United Kingdom and Commie blocs pressures, favored action by Cabinet which he felt would incline Commonwealth and Commie blocs accept him next fall. Finally, Phao–Phin group perhaps for profit motives favored relaxation. In view these pressures Prime Minister yielded.

3. While sorely tempted recommend solicitous "bedside" manner in meeting this possible shift in Thai policy, believe it in United States interest to register both in Bangkok and in Washington em-

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[1]Source: Department of State, Central Files, 493.929/6–1656. Secret; Niact.

[2]*Supra.*

[3]Apparent omission in the source text at this point.

phatically and promptly United States disturbance at possible softening Thai attitude towards Communist China. Therefore recommend Secretary or Under-Secretary personally convey to Thai Ambassador for transmission Thai Government message incorporating inter alia following points and that I be instructed convey same personal message from Secretary to Foreign Minister and Prime Minister:

(a) Expression deep regret and concern on part United States for step which Thai Government proposes taking;

(b) Regret because such step would mean withdrawal by Thailand from policy, identical with that of United States, of total embargo against China Communist still branded an aggressor by UN. Such withdrawal would be the more regrettable because would mark an end of pursuit identical policies by Thailand and United States, which policy each chose voluntarily, to oppose Communist aggressors. Once having chosen that policy, failure to hold to it while aggressor still stands stark and brazen before world, can only comfort enemy and strengthen those who would appease him;

(c) On its own part United States intends adhere firmly to existing policy of total embargo;

(d) Because of our partnership and abiding friendship for Thailand feel deep concern that Thailand will not gain from such trade and stands to lose. Trade with Communist is economically unsound (barter) and politically dangerous (subversion);

(e) Emphasis on United States feeling matter solely for decision by Thai Government and United States view put forward only as friend.

4. Have just learned PM stated at press conference because of its importance will again submit matter to Cabinet for further study. Pibul emphasized Thailand not "going neutral". Added only Thailand and United States embargo all trade. Thailand will continue embargo strategic items. Not clear whether decision relax will be reviewed.

5. Request instructions soonest.[4] Will continue informal efforts counter pressures for relaxation embargo.

Bishop

[4]Document 501.

500. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, June 23, 1956—2:50 p.m.

4036. Thai Ambassador called on Asst Secretary Robertson June 21 to state his government had announced decision reported Bangkok's 3529, June 13[2] remove non-strategic goods from list commodities Thai prohibited from export Communist China. He added announcement stated prohibitions stand on strategic materials including rubber tin. Explained decision result pressures businessmen and public who cannot understand why Thailand should have more severe restrictions non-strategic exports than other nations (except US) while at same time UK releases strategic goods. Ambassador assured Asst Secretary no question recognizing Chinese Communists, entering formal trade agreement, or accepting Chinese Communist rep and expressed belief volume trade would be small. Also denied decision constitutes change policy and referred continued enforcement anti Communist law mentioning prohibition Communist propaganda and trial Assemblymen who visited Communist China.

Asst Secretary expressed great disappointment announcement made. Pointed out because Thailand sets shining example helping resist Communist China aggression such policy change will reverberate through world being taken as alteration Thai position. Also stressed threat Commie China has not decreased: remains aggressor, continues defy UN by violating armistice Korea and augmenting forces there, and increases pressure on neighbors by strengthening Vietminh military forces and attempting subvert Laos, Cambodia, Burma. He added such trade will help relieve pressures on difficult Communist position world wide and asserted this certainly no time remove restrictions, instead Government should explain to Thai public purpose embargo and why necessary continue strongly oppose Communists. He also forecast increasing number Thai would travel Commie China. Asst Secretary stated US does not ask allies do what it unwilling to do and emphasized US has no intention relaxing embargo but intends continue at Geneva attempt to obtain release US prisoners and meaningful renunciation by Chinese Commies of armed forces. Concluded he did not presume to question sovereign right Thai Govt make such decision but reiterated he must express extreme disappointment.

Dulles

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[1]Source: Department of State, Central Files, 493.929/6–1356. Secret; Priority. Drafted by Bushner and initialed by Robertson. Repeated to London and Paris.

[2]Document 498.

501. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, June 23, 1956—4 p.m.

4038. Your 3557, 3558, 3559, 3562, 3577, and 3615.[2] In order re-emphasize consistency US policy toward ChiCom, discourage further relaxation Thai position on embargo and inspire constructive Thai action bolster confidence Lao leaders, request you deliver following personal confidential message from Secretary to PriMin.

"The last time I had the pleasure of writing to you I outlined the general attitude and position of the US toward the policies and actions of the Communist countries including Communist China. As SEATO allies, we discussed this matter further during our conversations at Bangkok after the recent SEATO meetings.

Since that time there has continued to be much speculation and many false rumors regarding a change in the attitude of the US. I can assure you that our policy in Asia continues to be one of firm opposition to the growth of Chinese Communist aggressive capabilities and of resistance to the enhancement of Chinese Communist international prestige and influence. We shall continue to join our efforts with those of other free countries determined to resist Communist aggression and enslavement.

In this connection I would like to advert to the subject of the US conversations with the Chinese Communists at Geneva which I mentioned in my message to you last November.[3] The US is continuing these talks in the hope that it will be able to obtain the release of the 11 Americans still imprisoned in Commie China, and to get from the Communists a meaningful renunciation of force. A prime objective of the talks is to prevent the outbreak of hostilities in the Taiwan Strait and we believe that if the Communists can be pressed to declare that they will renounce the use of force, the pressure of world opinion will make it more difficult for them to engage in the military action which they have so often threatened. At Geneva we have discussed solely: 1) the return of nationals; 2) the renunciation of force; and 3) an accounting for American military personnel missing in the Korean war. We are not in any sense considering an accommodation with the Communists and have not discussed any matter involving the rights and the interests of the Government of the Republic of China. The talks do not imply any form or intention of recognition or international acceptance of the Chinese Communist regime.

In the context of this policy I would like to bring up two subjects: namely, the need for measures to strengthen Laos against the Communist threat and the need to avoid steps which might suggest

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[1]Source: Department of State, Central Files, 493.929/6–2356. Secret; Priority. Drafted by Bushner, Tyson, and Corcoran of SEA, and Forman of CA. Initialed for Dulles by Robertson.

[2]Telegram 3557 is printed as Document 499. The remaining telegrams all deal with the Thai decision to relax the embargo on trade with the People's Republic of China. All these telegrams are in Department of State, Central File 493.929.

[3]Not found in Department of State files.

that the position of the free world vis-à-vis Communist aggression is weakening.

As you already know from our Ambassador, the US attaches great importance to the need for measures to strengthen Laos against the Communist pressures, which continue undiminished. As Thailand and the US recognized at the time of the Vietminh invasion of Laos three years ago, the latter's security is essential to Thailand. One measure which would contribute to the most effective possible defense of Thailand and Lao interests is joint Thai-Lao military planning, in which we understand Lao Govt prepared to press ahead. The US stands ready to help in this activity but must await the development of an effective working relationship between Lao and Thai military authorities. I hope your Govt will give new emphasis to this and other measures which may strengthen Laos, and assist its leaders to resist Chinese Communist pressures such as the recent invitation to the Lao Prime Minister to visit Peiping.

Secondly the US is convinced that steps such as a relaxation of the embargo against trade with Communist China, which might appear to constitute a weakening in free world opposition to Communist aggression must be carefully avoided, particularly at this time when the Communists would like the world to forget their aggressive, expansionist designs. The recent announcement by the United Kingdom regarding its own trade controls was in the context of 'exceptions' for 'reasonable quantities' of a limited number of items and the UK has indicated that it will carefully screen such shipments. I want you to know that the US Govt had no part in this decision by the UK and will endeavor to encourage the UK to exert such controls as to give the least possible benefit to Communist China. The US has not seen any evidence in terms of Communist China's international behavior which would alter the validity of the reasons for the original imposition of the embargo of trade with that country. Communist China has done nothing to cleanse itself of the stigma of being a blatant open aggressor and a threat to the free nations. The US will therefore continue its absolute embargo on shipments to Communist China.

The US is deeply appreciative of the fact that Thailand is one of the few nations in the world that has stood staunchly with the US in maintaining a complete embargo against Communist China. This has been a source of strength and moral support to the US in the successful maintenance of this important policy of denying to Communist China material for its economic and military build-up. I was therefore disappointed when I received reports that the Thai Govt has decided to permit trade in non-strategic items with Communist China. I now understand that you have no intention of permitting barter trade, and therefore no rice may be shipped to Red China. I sincerely hope so. My Government feels that relaxation of controls on trade with Communist China will unfavorably affect the whole structure of collective defense.

I understand full well decision on questions such as I have discussed above are exclusively matters for the Thai Govt to make on its own. But our friendship is such that I feel confident that we can without misunderstanding exchange views on these matters in the spirit of our collective defense association.

With all personal good wishes."

Dulles

502. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, July 12, 1956—11 a.m.

97. Following is summary memorandum conversation Vice President[2] being sent Department airmail:[3]

"After usual amenities Prime Minister brought up subject recent press articles falsely describing situation Thailand. Referred specifically Alden articles[4] and *Time* Magazine article July 9.[5] Emphasized all inaccurate and unjust both Thailand and Ambassador Bishop. Foreign Minister expressed agreement Prime Minister's remarks.

Prime Minister stated Thailand steadfastly standing with US not going left and not going neutralist.

Vice President asked whether problem subversion and Communist agents serious. Prime Minister replied situation well in hand.

Vice President inquired re Laos. Prime Minister said situation not good but Thailand has some influence there and now attempting dissuade Lao go Peiping.

Vice President asked economic situation. Prime Minister replied internal economy strong and at moment no problems re exports rice, tin, rubber. Emphasized some uneasiness and uncertainty whether US will continue purchase rubber, tin. With regard rice, urged US should not appropriate normal Thai markets. Deputy Prime Minister emphasized US cooperate Thailand in these matters because rice, rubber, tin source Thailand livelihood.

Prime Minister and Deputy Prime Minister particularly emphasized need more economic aid and speed up delivery already promised military and economic aid. Deputy Prime Minister pointed out

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[1]Source: Department of State, Central Files, 033.1100–NI/7–256. Confidential; Niact.

[2]Vice President Nixon made a 2-hour refueling stop at Bangkok on the evening of July 8. The stop was part of a brief tour of Asian countries which included stops at Saigon, Taipei, Karachi, and Ankara. Additional information on the Nixon trip is *ibid.*, 033.1100–NI.

[3]Despatch 137 from Bangkok, August 31, not printed. (*Ibid.*, 033.1100–NI/8–3156)

[4]From May 18 through 21, the *New York Times* published a series of four articles on Thailand by Robert Alden. The May 21 article described what Alden saw as widespread corruption in the government of Prime Minister Pibulsonggram and the close identification of the United States with the Thai Government. The Thai Government took particular exception to the May 21 article and broadcast a denunciation of the series and the *New York Times* for printing it.

[5]The *Time* article of July 9 described what its correspondent saw as a "drift to the left" in Thailand, and castigated Ambassador Bishop for lacking the diplomatic skill to cope with the situation.

only one useable airport in Thailand today. Prime Minister mentioned his request for 'housing for poor', and Deputy Prime Minister in response to later question by Vice President as to what US should do stated emphatically US should 'do, don't just talk', adding US should cut red tape and get things done to make Thailand 'showcase of Asia.' Deputy Prime Minister added appears neutralist and pro-Communist countries receive more aid from US than allies and anti-Communist countries.

Vice President said he would report to President and would look into question slow deliveries US aid."

Interview entirely friendly and frank, closing on most harmonious and agreeable terms. Believe visit highly successful from all angles.

Bishop

503. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, July 30, 1956—11 a.m.

283. I have just received the following personal and confidential letter from the Prime Minister:

"My Dear Mr. Ambassador:

"I have received Your Excellency's letter of June 25, 1956,[2] in which you were good enough to convey to me a message from The Honorable John Foster Dulles, Secretary of State.

"I now wish to send a message in reply and I would ask you to be so good as to convey it to His Excellency the Secretary of State.

"In the first place, I wish to thank His Excellency for letting us know the policy of the United States.

"As regards the policy of the Thai Government, I can state that it has always adhered to the principles of the United Nations Charter and, since SEATO has been established, to those of SEATO as well. The Thai Government has, moreover, acted accordingly in fact: it has participated in the United Nations action in Korea; it has not recognized Red China and it has had no trade relations with Red China. In all international conferences, Thailand has coordinated every step with the United States with the common object of upholding the United Nations and of preventing Communist expansion, which is a danger to the free world and to Thailand itself as well, for we have a free democratic system of government and we mean to safeguard the prestige of our name Thai—the Free. This principle of policy has

[1]Source: Department of State, Central Files, 493.929/7–3056. Confidential; Priority.

[2]Not printed. (*Ibid.*, Bangkok Embassy Files: Lot 67 F 117, 350 Asia) It conveyed the message contained in Document 501.

been maintained by the present Government even up to now because we consider it the only way to safeguard the independence of the Thai nation, and now that we have received aid and assistance from the United States, we have all the greater security and confidence.

"It is, however, a matter of regret that news should have been spread by the action of the Government opposition so that there are friendly countries which misunderstand that the Thai Government has changed its foreign policy, which is not true. Nevertheless, it is regrettable that the Government should be under pressure, as a small country in Asia, from the situation which appears outside Thailand. The whole of this part of the world has started a policy of neutrality and has given general publicity to it, which has further strengthened Communist propaganda. Furthermore, NATO powers evidently entered into commercial relations with the Communists, even if the exceptions clause has been used. At the same time, the market for Thai trade has been narrowed down. Public opinion, therefore, arose to the effect that Thailand should also follow a similar course. It was natural that the Thai people, seeing world trade starting to be resumed, should have had that idea, and it is also possible that the Chinese in Thailand, whose numbers are not inconsiderable, should have supported it. In view of such strong public opinion, the Government had to show some accommodation by considering the question of trade with Red China and lifting some items of the embargo list, putting the matter in another way, namely, that Thailand will carry on its trade according to the world system as generally practised, that is, there will be no barter. Add to this the fact that the Thai Government has no diplomatic relations with Red China, no bank and no diplomatic representatives, and so the practice in the matter of trade with China will remain the same as before. It is, however, possible that some non-strategic goods may be sent indirectly, through British colonies, to Red China, but the utmost care will be taken to prevent repercussions which would weaken the power of resistance to Communism or increase the means of expansion of the Chinese Communists. Thus it is, in fact, evident up to now that the status of Thailand continues to be the same as before, with adherence to the United Nations and joining with SEATO and the United States: nothing is changed.

"With regard to the Laos question, we have made considerable progress in our contact and consultations. We have, however, to see the attitude of SEATO too, because the work has to be coordinated. The Defence Chief of Staff has already gone to a meeting. This is another step taken. To strengthen Laos, however, also depends on the situation in Cambodia, Vietnam, Burma and Malaya and, furthermore, the position of Thailand itself still requires much strengthening of the national reconstruction with its own resources in addition to the assistance received from the United States, the United Nations and friendly countries. In any case, the present Government reaffirms that it will maintain its relations with the United Nations and the United States as heretofore and is confident that if the Communists could thrust its way into this area, it will never be because Thailand will have led them in, for we want to preserve our Nation, Religion, King and Constitution for ever. –

"Once again I wish to thank The Secretary of State for his message and to extend to His Excellency all my personal good wishes.

"May I also thank you for your courtesy in transmitting this message.

"Sincerely yours, Field Marshal P. Pibulsonggram".

Bishop

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504. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, August 23, 1956—2 p.m.

532. On August 20 accompanied Moyer, ICA and Larson[2] on courtesy call on Prime Minister. After exchange amenities and expression deep appreciation United States aid, taking advantage Moyer's request for indication economic aid projects to be given "top priority" Prime Minister expressed emphatically and at length his belief Thailand must have increased United States economic assistance in training skilled labor, in communication, particularly roads and railroads, and in development electric power. Replying Moyer's urging for indication priority, Prime Minister said regretted impossible separate these three into relative priorities because "unfortunately each must have number one priority." Prime Minister also indicated, as previously, desire for assistance in pet project "housing for the poor."

Heretofore Prime Minister has always relied almost entirely upon subordinates to make approach regarding aid and even subordinates have never been as lengthy and as strong in their appeals for greater economic assistance. Because we had expected only courtesy call, Moyer, Larson and I were taken by surprise at Prime Minister's personal presentation Thailand's need and at length time he devoted this subject. Department will recognize at once significance fact that Prime Minister himself expounded at length (over one hour) these matters. It now clearly indicates Thailand Government has decided determine whether or not United States intends increase economic aid this country making possible basic developments necessary enable Thailand economy move toward industrialization. United States failure respond this request would, my opinion, have serious consequences.

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[1]Source: Department of State, Central Files, 792.5–MSP/8–2356. Confidential.

[2]Lloyd K. Larson, Director of USOM in Thailand.

Believe United States cannot and should not attempt buy Thailand friendship or alliance. However, in light Prime Minister's approach consider necessary lay before Department, our feeling that United States in its program of economic aid to foreign countries must accord Thailand "most favored nation treatment". United States cannot take Thailand for granted. Difficult this country, as friend and ally, understand United States failure treat it as generously as other nations. While fully cognizant desirability prevent such countries as India, Burma, Laos, Cambodia and Indonesia going further toward Communist bloc, and therefore can understand, in part at least, motivation continue aid such countries, feel impelled point out if Thailand through failure receive "most favored nation treatment" were to conclude United States not appreciative Thailand friendship and support and, as Deputy Prime Minister told Vice President, United States gives more aid to neutralists than to Thailand, United States interest in Southeast Asia might be seriously harmed. Futhermore, if United States desires continue press leadership role upon Thailand believe Department needs assure necessary material resources and support be given Thailand enabling it discharge that role.

Recommend specifically:

(1) Department do all possible convince World Bank soonest desirability and urgently Yanhee Dam loan. (Approximately United States $46 million.)

(2) United States Government provide necessary baht funds, possibly under long-range "second mortgage terms", for Yarnhee Dam in addition to the dollar funds provided by World Bank. (Approximately United States $25 million.)

(3) United States Government offer build, as part line of communications Bangkok to Laos, multiple lane highway between Bangkok and Dormuang Airfield, cost about 12 million dollars.

(4) United States Government consider urgently sending team experts (engineers and economists) Thailand and survey line of communications from deep sea port near Bangkok to terminal facilities within Laos.

Because international character line of communications, projects (3) and (4) (Embassy telegram 531[3]) might perhaps be financed by Asian Economic Development Fund and possibly given SEATO label.

Country team concurs in foregoing recommendations and urges United States Government give early evidence sympathetic consideration Prime Minister's plea for substantial increase economic aid Thailand.

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[3]In telegram 531 from Bangkok, August 23, the Embassy forwarded recommendations relating to a proposed Thailand–Laos transportation complex. (Department of State, Central Files, 792.5–MSP/8–2356)

Emb and USOM in consultation Thailand Government studying possibilities skilled and semi-skilled labor training projects Bangkok area.

If Department reaction favorable Prime Minister's request, hope to be authorized at early date so inform Prime Minister.

Bishop

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505. Editorial Note

At its 295th meeting on August 30, the National Security Council adopted NSC 5612/1, "U.S. Policy in Mainland Southeast Asia." The following paragraphs of that document outlined United States policy with respect to Thailand:

"50. Promote the development of Thai leadership which is increasingly united, stable and constructive, is supported by the Thai people, and willing to continue the alignment of Thailand with the United States and the West.

. . . . . .

"52. Provide military assistance to Thailand for support of forces sufficient:

"a. To maintain internal security.

"b. To present limited initial resistance to external aggression.

"c. To make a modest contribution to collective defense of contiguous SEATO areas.

"53. Encourage and support close bonds between Thailand and Laos and between Thailand and Cambodia, including such political associations, economic cooperation, and joint military planning as feasible."

The text of NSC 5612/1, dated September 5, and a memorandum of the discussion at the NSC meeting of August 30, are scheduled for publication in volume XXI.

506. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, September 19, 1956—9 a.m.

787. On September 14 Foreign Minister gave me aide-mémoire[2] expressing grave concern TG impact Thailand economy future PL–480 rice sales in Asia as these "to some degree deprive producing countries in Asia of chance to dispose of some of their exportable rice." Foreign Minister said TG desires consult with United States Government as to how disposal of United States rice can be effected avoid disruption Thailand sales exportable surplus in future years.

Assured Foreign Minister United States aware impact its programs on Thailand and other South East Asia rice exporters; believed United States Government probably willing discuss problem informally at working level with TG on appropriate occasions. Stressed my personal view that such talks should look toward fuller exchange information rather than any type commodity agreement for sharing markets; emphasized United States Government most unlikely consider latter.

Conversations on friendly terms but as indicated this approach and growing volume statements to press, TG genuinely worried regarding prospects marketing its 1956 and later crops. I cannot overstress political and economic importance this problem, and in interest avoiding possible serious strain United States–Thailand relations, recommend TG approach be met by constructive United States attitude. Airpouching text aide-mémoire with Embassy comments and recommendations.[3]

Bishop

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[1]Source: Department of State, Central Files, 411.9241/9–1956. Confidential. Repeated to Rangoon.

[2]The Thai aide-mémoire was transmitted as an enclosure to despatch 206 from Bangkok, September 24, not printed. (*Ibid.*, 411.9241/9–2456)

[3]In despatch 206, the Embassy suggested a reexamination of the P.L. 480 rice program together with a visit of a senior American official to Thailand to discuss the program.

507. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, September 29, 1956—12:44 p.m.

1140. Joint State–ICA message. Your 531,[2] 532,[3] and Despatch 135.[4]

I. Prime Minister's Request for Increased Economic Aid.

Believe information which Department's 926[5] authorized you state publicly represents partial answer. To provide more complete reply to Prime Minister:

1. Suggest with reference fields of activity for which he requested increased aid that you summarize present extensive roads program (USOM can supply details), state that field of power under consideration in connection with FY '57 program, and note that skilled labor field being studied by US and Thai Governments in effort find practical project.

2. State that US will keep Thailand's economic aid needs under continuing review during FY '57 from viewpoints adequacy present aid level to finance sound economic projects, timing of projects and expenditures therefor, and limitations on availability US aid funds this fiscal year.

FYI: Indication Department's 926 that at least $5 million more available for economic aid in FY '57 than in FY '56 based on estimate Despatch 65[6] that only about $3 million required from FY '57 DS aid to finance local currency costs military projects as compared $8 million from FY '56 DS aid. Earlier Washington estimate had been only $750,000 required for this purpose from FY '57 DS aid. End FYI.

II. Project Recommendations.

We assume project recommendations your 532 represent highest priority projects for FY '57 program in Embassy's view, aside from

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[1]Source: Department of State, Central Files, 792.5–MSP/9–2956. Confidential. Drafted by Mendenhall; initialed for Dulles by Jones.

[2]See footnote 3, Document 504.

[3]Document 504.

[4]Despatch 135 from Bangkok, August 31, discussed the possible merits of the formulation of a long-term plan for a transportation complex in Thailand and Laos. Construction of a road from Bangkok to Don Muang airport and a survey of the remainder of the proposed transportation complex were recommended. (Department of State, Central Files, 792.5–MSP/8–3156)

[5]Telegram 926 to Bangkok, September 17, authorized the Embassy to announce tentative U.S. aid levels for Thailand for fiscal year 1957 of $30 million for defense support and $4.5 million for technical cooperation. Military aid levels for the Mutual Defense Assistance Program and Direct Forces Support were not included and had not been established for fiscal year 1957. (*Ibid.*, 792.5–MSP/9–1556)

[6]Despatch 65 from Bangkok, July 27, analyzed the political and economic factors affecting Thailand's capacity to finance a military buildup. (*Ibid.*, 792.5–MSP/7–2756)

planned continuation projects already under way under previous years' programs. We therefore assume Embassy assigns lower priority to such TG aid requests as housing for poor.

Without prejudging merits your 532 recommendations, believed here that it may be possible to undertake some part of them within present aid level of $30 million. Picture this respect should be clearer when FY '57 DS operational program now under preparation in field received.

Request replies and comments on following in order facilitate consideration your project recommendations:

1. Survey Thai-Laos transport complex. As indicated Despatch 135, survey without implementation likely have little political impact in Thailand favorable to US. Even if implemented, political impact likely vary for different segments transport route:

a) Improvement road system Bangkok–Nongkhai believed justified from both political and economic viewpoint, but already under way or planned, apparently without necessity propose survey—i.e., Northeast Highway now under construction from Saraburi to Khorat, rehabilitation (primarily bridge work) Khorat–Nongkhai road definitely planned by ICA and engineering survey under consideration for Bangkok–Saraburi road. Presume that engineering would not require larger scale survey envisaged reference telegrams.

b) Mekong River bridge and Siracha port aspects transport route appear doubtful both on political and economic grounds. In so far as we aware only indication Thai Government interest has been by Rak (Despatch 119[7]) and no approach made for US assistance. . . . Cabinet decided "advantage of bridge would be entirely for Laos" and "Thailand would not benefit because there would be little worthwhile traffic as far as Thailand was concerned." Siracha port survey could even be counter-productive politically in view funds already invested by Thailand in making Bangkok accessible seagoing vessels. As noted your Despatch 135 Thai Government might well decline Siracha alternative for reason indicated.

2. Bangkok–Don Muang Highway. We understand present road to airport is inadequate and can perceive favorable political connotations in this project. Would like to know to what extent Thai Government has shown interest this project and economic justification for 6-lane highway (instead of 2, 3, or 4).

3. Yanhee Project. We aware Prime Minister considers this project high priority. IBRD consideration has been held up pending economic study by Gilmartin (Bank representative in Thailand). Un-

[7]Despatch 119 from Bangkok, August 23, transmitted a memorandum of a conversation between Deputy Assistant Secretary Sebald and Thai Deputy Foreign Minister Rak Panyarachun. Rak suggested to Sebald that it would be desirable for the U.S. aid program to do something conspicuous to offset a growing public reaction against the United States in Thailand. (*Ibid.*, 892.00–TA/8–2356)

derstand some further study is contemplated by IBRD. Department will maintain close liaison with IBRD and determine appropriate action as soon as possible.

Dulles

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508. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, October 29, 1956—11:37 a.m.

1549. In order continue personal exchange with Thai Prime Minister and underscore our views importance Lao problem, request, unless Bangkok or Vientiane sees strong objection, Bishop deliver following letter to Phibun from me:

"Dear Mr. Prime Minister:

I have wished for some time write you about affairs of mutual concern our two countries, but as you know I have been absorbed with Suez Canal crisis. This is issue of great importance for most nations of world, and I appreciate attention which Government Thailand giving to it. I am sure your representatives here and in other major capitals have been keeping you informed of rapidly changing developments this score. I remain hopeful we shall find peaceful solution which will justly meet needs all interested parties.

In contrast conflicts surrounding this multinational problem, it gratifying see cooperation existing between our two countries. I was pleased learn joint landing exercises appropriately called 'Operation Teamwork'[2] turned out so well. In addition strengthening Thai-U.S. defense capabilities, such exercises, because of personal cooperation between Thai and Americans, contribute to better understanding between our peoples. In offing are other events which should broaden Thai-American contact, including Bangkok meeting International Parliamentary Union, which will be attended by considerable number distinguished Members Congress from United States, and later Constitution Fair. United States Government is preparing substantial presentation for Fair which should be attractive to Thai spectators and give them new insight into life and works of Americans.[3]

I am looking forward meeting with Prince Wan here in Washington prior UN General Assembly Meeting,[4] of which I am confi-

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[1]Source: Department of State, Central Files, 611.92/10–2956. Secret. Drafted by Bushner and Byrne of SEA and cleared in SEA, FE, H, UNP, and P. Also sent priority to Vientiane and repeated to Saigon, Phnom Penh, London, Paris, New Delhi, and Ottawa.

[2]"Operation Teamwork" was a joint U.S.-Thai amphibious exercise that took place in October 1956.

[3]The American exhibit at the Constitution Fair, which was held at Bangkok, December 7–22, featured exhibits of American industry and agriculture, Benny Goodman's orchestra, and the Westminster Choir.

[4]See *infra*.

dent he will be elected President. I am sure we shall have valuable exchange views regarding matters mutual interest.

One of these may be political situation in Laos, about which I have been concerned, as you have. We know Communists' seeming friendliness is merely shift in tactics to lure Laos away from Free World into Communist orbit; such ostensibly innocent gestures as invitations Peiping are in reality dangerous steps in unaltered Communist program dominate Southeast Asia.[5] It does not appear, however, from information now available to us that Lao have thus far responded Communist overtures in ways which might oblige us reappraise our policy toward Laos.

Brief visit here September of His Royal Highness Crown Prince Savang[6] will, I believe, be of interest to you. Crown Prince Savang came Washington at request Lao Cabinet to reassure United States that Laos, despite journey Peiping, had not turned to Communists but on contrary maintained traditional friendship for United States. He expressed particular concern over implied commitment Peiping accept Chinese Communist aid in connection drawing-up Lao Five-Year Plan. Crown Prince assured us of his determination resist Communist attempts envelop Laos, and added it would be most valuable to him if he could have assurance Laos could count on moral aid United States. Without such support, Laos' struggle resist new and insidious Communist 'soft' tactics would be rendered far more difficult.

President and I indicated to Crown Prince how difficult it would be retain support American people and Congress if Lao Government took action which appeared jeopardize survival Laos as independent state. We emphasized acceptance Chinese Communist aid, Pathet Lao participation in coalition government, and large-scale integration Pathet Lao troops would be dangerous developments. At same time, we firmly assured Crown Prince that Laos could count upon American support—moral, political, and material—so long as that support went to government vigorously seeking maintain its independence.

Free World must remain alert to combat Communist penetration Laos, an important element our united strength. Above all, we should continue pursue in steady, tactful fashion effort strengthen Laos' commitments Free World. I am therefore pleased by statement your letter July 30, 1956,[7] conveyed me by Ambassador Bishop, that Thailand and Laos have made considerable progress in their contact and consultations. I hope you and your Government will continue press forward on measures cooperation and assistance essential to independence and security Laos.

Though I shall not on this occasion discuss American economic aid to Thailand, I should like you know that your suggestions this matter are receiving full and careful study here.

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[5]Reference is to Lao Prime Minister Prince Souvanna Phouma's August 1956 trip to Peking and the offer to Laos by the People's Republic of China of Chinese economic aid and technicians.

[6]Crown Prince Savang Vathana of Laos visited the United States in September 1956.

[7]See Document 503.

Sincerely yours, John Foster Dulles".

Dulles

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509. Memorandum of a Conversation, Department of State, Washington, October 31, 1956[1]

SUBJECT

Prince Wan's call on the Secretary

PARTICIPANTS

Prince Wan, Foreign Minister of Thailand
Mr. Pote Sarasin, Thai Ambassador
The Secretary
Mr. Walter S. Robertson
Mr. Kenneth T. Young, Jr.

Prince Wan came in to see the Secretary today at 11:00 by appointment. Prince Wan began by thanking the Secretary for United States support for his candidacy for President of the UN General Assembly. The Secretary replied that he was delighted to support Prince Wan and that his election seemed certain.

Prince Wan asked the Secretary about the latest developments on the Middle East.[2] After pointing out the deeply critical nature of the situation and the possibility that none of the countries involved really desired war, the Secretary said that everything must be done to keep the hostilities from spreading in the Middle East and developing into a general conflagration. Therefore the U.S. was considering a special session of the UN General Assembly to focus world public opinion on this grave issue. In response to the Secretary's question as to his opinion of such a move, Prince Wan said that he did not have all the information available to give an answer but thought such a proposal would have to take into consideration the British and French position.

The Secretary then asked Prince Wan about the situation in Southeast Asia. He replied that there were favorable developments in Burma, relations with Malaya were good, and Cambodia presented no real danger although it would go through a series of governmental changes. Laos is the danger spot, Prince Wan said, because the government is so weak. The leaders give correct and reassuring statements to the Thai Government but seem weak and unsure in know-

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[1]Source: Department of State, Central Files, 611.92/10–3156. Confidential. Drafted by Young.

[2]Reference is to the Suez Canal crisis.

ing what to do. The outlook in Laos would turn on what happens after Prince Petsarath[3] returns to Laos. Mr. Robertson asked Prince Wan for his opinion of Prince Petsarath. Prince Wan replied that the Thai are in contact with him and believe that he is not hostile to Thailand or to the U.S. However, the Thais are not sure whether he is relatively more or less unreliable than some other Lao leaders. Mr. Robertson mentioned that Lim Yew Hock had done an excellent job against subversion in Singapore and that in Laos the Pathet Lao were clearly nothing but creatures of the Viet Minh.

The Secretary pointed out that the U.S. considers Thailand the major prop in Southeast Asia and looks to Thailand to take steps in the area which often the U.S. cannot itself follow, although the U.S. could provide assistance of many kinds. The Secretary urged that the Thai Government follow this role where it could. Prince Wan said that his government appreciated this position and would like to do what it could to help its neighbors but lacked resources. He hoped that the U.S. would consider providing Laos with assistance indirectly through Thailand.

As for Thailand, Prince Wan said there were three matters under discussion with U.S. authorities in Bangkok which he wished to mention to the Secretary. First, there was the question of the disposal of U.S. surplus rice. Mr. Robertson told Prince Wan that our policy was to work this out in consultation ahead of time with Thailand and to do everything possible not to disturb the Thai position. Prince Wan said that his government understood and agreed with our policy but hoped that they could have more information and statistics on the problem, a point which he did not elaborate. Secondly, Prince Wan referred again to the possibility of indirect aid from the U.S. to Laos through Thailand without giving any concrete suggestions. The Secretary replied that this might be something we could agree on in principle but until concrete measures could be analyzed and worked out he would prefer not to express any judgment. Thirdly, Prince Wan mentioned the Prime Minister's great interest in U.S. assistance for low cost housing. Mr. Robertson said that the Prime Minister's project was being given full and urgent consideration here in Washington. The Secretary asked Prince Wan what kind of housing was involved but the latter did not know. The Secretary pointed out, based on his visits there, that a slum clearance program in Bangkok would seem to him a worthy project which should do a lot of good and have a real impact, but that here again all would depend on working out the details.

Finally, the Secretary said that developments in Eastern Europe might have a great effect in Asia because the revelations by commu-

[3]Prince Petsarath, former Prime Minister of Laos then resident in Thailand.

nists themselves in the satellites were showing that after ten or more years communist conditions are very bad and the people want a change. He recommended to Prince Wan that he read the Gomulka speech[4] and asked that a copy be made available to His Highness which was done later in the day.

[4]For text of the speech by Wladyslaw Gomulka, First Secretary of the Polish United Workers Party, to a mass meeting in Warsaw, October 24, 1956, see *Documents* (R.I.I.A.) for 1956, pp. 447–451.

510. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, December 5, 1956—1 p.m.

1662. Reference Deptel 1549, October 29.[2] Following letter from Prime Minister just received with "personal and confidential" message for Secretary Dulles:

"December 1, 1956 B.E., 2499

My Dear Mr. Ambassador:

I have received Your Excellency's letter of November 1, 1956[3] in which you were good enough to transmit contents of letter from Honorable John Foster Dulles to me.

I shall be grateful if you will be so kind as to convey my reply to Secretary of State as follows:

> Dear Mr. Secretary of State,
>
> I am very grateful to you for your letter of October 29 sent through Ambassador Bishop's letter of November 1, 1956.
>
> First of all, I wish inform you that your ailment which necessitated a major operation had caused me much anxiety. But I was relieved on hearing that you had successfully passed that ordeal, and I pray for your rapid and complete recovery, for the free world greatly needs your guidance and need is never as great as at this moment when we are moving rapidly from one critical situation to another.
>
> It was gratifying to see that 'operation team work' earned remarkably great success. I had opportunity to witness Thai-American assault landing operation myself. Our two troops worked side by side with strong will as though from one unit. The personal co-operation between Thai and Americans has

[1]Source: Department of State, Central Files, 611.92/12–556. Secret.

[2]Document 508.

[3]Not found in Department of State files; it probably transmitted the letter conveyed in telegram 1549 to Bangkok.

obviously proved itself of combined strength and friendship that could never be jeopardized by any third party.

Bangkok Meeting of Inter-Parliamentary Union came to a successful close. I am pleased to have opportunity to meet the distinguished Members of Congress from United States. As result they might be impressed by fact of our sincere friendship that our two governments have hitherto laid down on firm foundation for welfare and prosperity of our two countries and peoples.

Participation of United States Government in forthcoming Constitution Fair will contribute greatly to better understanding between our peoples. It is most welcome by Thai people as well as HMG and myself, of which we are deeply appreciative for this generous contribution. In view of Prince Wan's unanimous election as President of UN 11th Regular Session of GA, it is an honour to Thai nation as whole. Thanks to all member nations; indubitably greater part of support was in fact due largely to your government, your President and yourself, and American Nation. Therefore, we could hardly find words adequately to express our grateful thanks, but deep down in our hearts we shall remember for always.

Taking Laos and Cambodia into consideration, I am of same opinion that you have stated. But these two countries are still short of experienced statesmen, for they are just newly born countries, thus lack far sightedness. According to my own observation, they pursued course they deemed appropriate, but on contrary, turned out to be complete failure or unworkable, and ultimately they had to turn to right course, or otherwise circumstances alter cases, which have given us much concern. In case of Laos, as far as I can see, it has not responded to Communist overtures. But on surface it makes us think otherwise. The journey to Peiping presumably was our offer for vast boundary with Red China and desire to put more pressure on Pathet Lao to join Vientiane Government.

These new countries are greatly in need of certainty for full independence and security with stabilized governments and therefore they struggle for such. At moment many Lao leaders and their people have been regularly visiting Thailand. Those prominent leaders, whom I have met, give voice to dependence largely on USA and strong adherence to Thailand. Lao and Thai come from common stock with same religion, culture and similar language. Question of keeping Laos within orbit of free democracy is, in my opinion, to render liberal aid. We should help to develop Laos by building up factories, roads, irrigations, etc. Laos will not at any cost venture to become satellite of Red China. Because it is at stake to take such dangerous step, while our genuine magnanimity guarantees freedom equality, justice and peace; non-interference with internal affairs.

Regarding Thailand, HMG and majority Thai people have neither the policy (of change) nor political trends what-

soever. The past has proved our act in good faith. We are well aware that USA not only leads in democracy, but also being depended upon by free world. We therefore pledge to give support at all times; no temptations could lure us. With regard to American aid to Thailand, there is nothing much to ask at moment, because I have from time to time contacted Ambassador Bishop, who understands situations perfectly well. And you may be pleased to know that he is our best friend.

Your personal interest and kind consideration always shown towards Thailand are deeply appreciated. On this occasion my wife joins me in extending to you and Mrs. Dulles our united sincere good wishes for a Merry Christmas and a Happy New Year.

Sincerely yours, Field Marshal P. Pibulsonggram.

Assuring you etc."

Bishop

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511. Memorandum From the Deputy Director of the Office of Southeast Asian Affairs (Kocher) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, January 2, 1957.

SUBJECT

Courses of Action in Anticipation of Possible Return to Thailand of Pridi Phanomyong

Recent developments relating to Pridi, which are summed up in Embassy Bangkok's despatch No. 407[2] (Tab B), indicate that some Thai leaders are engaged in political maneuvering with respect to Pridi. The possibility that he might be permitted to return and be released cannot be discarded. Such an event would cause a considerable change in Thai domestic conditions with concomitant effects upon Thai foreign policy.

Continuing reports . . . indicate Pridi is attempting to leave Communist China. During the Lao Prime Minister's visit to Communist China, it appears that Pridi saw him and unsuccessfully requested permission to enter Laos. . . . Pridi may also be planning an attempt to proceed to a European country. Wherever he may go imme-

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[1]Source: Department of State, Central Files, 792.00/1–257. Secret. Drafted by Bushner.

[2]Dated December 7, 1956, not printed. (*Ibid.*, 792.00/12–756)

diately after leaving China, it is virtually certain that his final destination will be Thailand.

Pridi may only wish to return to Thailand to retire. (One rumor indicates he may be ill, and . . . reports suggest he cannot get on with other Thai in Communist China.) However, it seems more likely that he is carrying out a Chinese Communist plan, under which he might either return immediately to Thailand, hoping he can eventually join in a united front government there, or go to another country temporarily to shed his close identification with the Chinese Communists in preparation for a return to active political life in Thailand.

It is also possible that he has been posing as an agent of the Communists in order to gain their assistance for his return to political activity in Thailand, imagining that once he reaches Thailand he can follow or reject Communist advice, depending upon his own political interests.

Various developments and reports, most of them touched upon in Embassy Despatch No. 407, suggest that at least some leaders in Thailand may be willing to permit Pridi's return. Among these developments are:

a) the return of Chiap Chaisong,[3] a former associate of Pridi, from Communist China to Thailand in April this year, which would probably not have taken place without prior agreement with at least some important leaders in the Thai Government;

b) the official decision a few months after Chiap's return, that there was "insufficient evidence" to prosecute him despite the apparent existence of considerable grounds for prosecution.

c) . . . both Police Director General Phao Sriyanon and Prime Minister Phibun have been in contact with Pridi through emissaries, suggesting that at the very least Thai Government leaders desire to maintain communications with Pridi;

d) . . . private statements by General Phao repudiating Thai Government charges against Pridi for complicity in the death of King Ananda;[4]

e) support given by General Phao and possibly by Phibun for the political party activities of Pridi followers in Thailand; and

f) unconfirmed but persistently reported statements by Pridi's former follower Chaem Promyong,[5] now associated with the Government's political party, that he is running for Parliament on this party's ticket because as an MP he can better help arrange Pridi's return.

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[3]Chiap Chaiyasong headed Division II, CID, in the Thai Police Department before the coup d'état of November 1947. After the coup, Chiap fled with Pridi into exile.

[4]After the coup d'état in 1947, Pridi and several associates were accused of complicity in the murder of King Ananda in 1946.

[5]Chaem Promyong, a prominent member of the newly-established Nationalist Party.

There are several possible explanations of the apparent willingness of Thai leaders to hold open the door to the possibility of Pridi's return to Thailand. The most likely is that Thai contacts with Pridi represent, on the one hand, a general tactic of retaining sufficient leeway to permit Thai foreign policy to adjust to whatever new world status Communist China may assume, and on the other, a maneuver by some Thai leaders to exploit for their own political advantage Pridi's popularity and the possibility of his return.

The Thai Government appears to rely heavily upon US support through SEATO as well as bilateral economic and military assistance to counter an expansionist Communist China. Thai leaders should recognize that the US would take apparent Thai Government acquiescence in Pridi's return as an indication of a shift in Thai foreign policy, and that there would probably be a corresponding US reaction. It therefore seems probable, as the Embassy states, that Thai Government contacts with Pridi are conducted without official commitment and only with an eye to their future utility, and that at this juncture the Government as a whole would not undertake the risks inherent in permitting Pridi's return.

However, the Embassy has tentatively suggested that the Department approach the Thai Ambassador to make clear that it would regard with some apprehension the return of Pridi and his participation in Thai politics. In view of the limited factual information available, and the unlikelihood that Pridi will return in the near future, we believe an informal approach to the problem is preferable to a formal one at this time. Thus we have informed Mr. K.T. Young, Jr., of the matter, suggesting that he take advantage of any opportunity which may develop at New York to convey informally to Ambassador Sarasin the Department's concern and to mention the difficulty Pridi's return might create for our continuing efforts to justify economic and military aid to Thailand. We intend for Mr. Young to recommend that Ambassador Sarasin pass these comments on to Prime Minister Phibun so that he will not discount the adverse US reaction which would be likely to follow a rehabilitation of Pridi.[6] There is attached (Tab A[7]) an airmail instruction to inform the Embassy at Bangkok of our action.

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[6]Young apparently made such an informal approach to Sarasin, because on January 7 Prime Minister Pibulsonggram told Ambassador Bishop that rumors that the Thai Government was considering inviting Pridi to return to Thailand were without foundation. (Telegram 1968 from Bangkok, January 8; Department of State, Central Files, 792.00/1–857)

[7]Not printed; instruction A–178 to Bangkok, January 4, was approved by Robertson. (*Ibid.*, 792.00/12–756)

Recommendation:

I recommend you sign the attached instruction to Embassy Bangkok.

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512. Editorial Note

On February 26, the first national election since 1952 was held in Thailand. The ruling Seri Manangkhasila Party won a total of 82 of 160 contested seats in the closely-fought election. The most successful of the opposition parties was the Democratic Party, led by former Prime Minister Khuang Aphaiwong, which captured 28 seats. The four leftist parties—the Free Democratic Party, the Economist Party, the Independence Party, and the Hyde Park Movement Party—stressed anti-Western campaign themes and won a combined total of 23 seats.

The results of the election were greeted with charges of corruption and fraud by the opposition parties and newspapers in Thailand. A tense political atmosphere developed in Bangkok and the government declared a state of emergency on March 2. The state of emergency lasted until March 14, when the elected Parliament was convened. In despatch 736 from Bangkok, April 22, the Embassy characterized the period of political unrest following the election as "the most serious political crisis in Thailand since November 1951." (Department of State, Central Files, 792.00/4–2257)

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513. Outline Plan Prepared by an Interdepartmental Committee for the Operations Coordinating Board[1]

Washington, March 20, 1957.

OUTLINE PLAN OF OPERATIONS WITH RESPECT TO THAILAND

Introduction

A. References:

(1) U.S. Policy in Mainland Southeast Asia, (NSC 5612/1), Approved by the President September 5, 1956.[2]

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[1]Source: Department of State, OCB Files: Lot 62 D 430, Thailand. Top Secret. On March 13, the Operations Coordinating Board considered and revised a March 1 draft

Continued

(2) NIE 62–54, "Probable Developments in Thailand," December 7, 1954.[3]
(3) NSC 5602/1.[4]

B. Special Operating Guidance.

1. U.S. operations in Thailand should be conducted in the context of U.S. objectives which are: to prevent Thailand from passing into or becoming economically dependent upon the Communist bloc; to persuade the Thai that their best interests lie in greater cooperation and stonger affiliations with the rest of the free world; and to assist them to develop toward stable, free, representative governments with the will and ability to resist Communism from within and without, and thereby to contribute to the strengthening of the free world.

2. In order to help arrest or reverse any tendency or draft on Thailand's part toward withdrawal from its close association with the U.S. and the free world, special attention should be paid, in connection with U.S. operations, to courses of action in this paper to implement NSC Para. 16,[5] and to OCB Courses of Action No. 2, 3, 21.[6]

3. Because of the need for both the U.S. and Thailand to husband their resources, and because of a demand within Thailand for greater economic development, the impact on the Thai Government's budgetary situation should be taken into account in the development of future U.S. aid programs in accordance with NSC 1599–e.[7]

. . . . . .

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of this paper. The Outline Plan printed here is the revised version adopted at that meeting. The Outline Plan of Operations was an action paper that detailed the implementation of the section of NSC 5612/1 that related to Thailand. The agencies involved agreed to implement the plan subject to later review and modification. (*Ibid.*, Preliminary Notes on Luncheon Meetings, 1957)

[2]See Document 461.

[3]For text, see *Foreign Relations*, 1952–1954, vol. XII, Part 2, p. 741.

[4]"Basic National Security Policy," approved by the President on March 15, 1956. Documentation on the NSC 5602 series is scheduled for publication in volume XIX.

[5]Paragraph 16 of NSC 5612/1 concerned U.S. participation in and support of SEATO.

[6]The numbered Courses of Action outlined the implementation of specific paragraphs of NSC 5612/1. OCB Course of Action 2 stipulated that the formulation of U.S. aid programs for Thailand should take into account Thailand's "noteworthy contribution to free world collective defense measures." Course of Action 3 called for publicizing the end-use of American aid to Thailand. Course of Action 21 specified that in establishing the level of defense support for Thailand, full consideration should be given to Thailand's stand on collective defense, as well as to U.S. political and psychological objectives in the area.

[7]As adopted by the NSC on August 30 and approved by the President on September 5, 1956, NSC Action No. 1599–e noted the President's request to plan confer-

Continued

5. The bulk of U.S. information and propaganda activities in Thailand will be engaged in support of objectives listed in paragraphs 23, 25, 50 and 53 of NSC 5612/1.[8] The broad anti-communist program should be phased out. Special emphasis and continuing priority should be given to reaching second echelon potential leader elements. These are defined to be:

a. Those on the periphery of the ruling group who are accessible to American influence and who also by virtue of talent or circumstance seem likely to rise in the ruling structure.

b. Those whose position and sense of civic responsibility make them capable of actions of significant benefit to the general welfare of the urban and rural masses.

c. Those among the youth and the intelligentsia who are politically active and influential.

6. In order to obtain maximum efficiency from a minimum number of personnel, seek to improve recruitment procedures of all agencies for overseas personnel so as to obtain personnel of the greatest competence. Ensure that priority is given to filling essential assistance program positions especially those which the Thai regard as most important.

7. Although the U.S. and its citizens continue to enjoy popularity in Thailand the large scale of American representation in that country presents a potential source of offense to Thai sensibilities. American personnel should be limited to the absolute minimum required for effective operations, and should be made fully aware of the necessity for discreet and circumspect personal behavior. The general attitude toward the U.S. is friendly but there is some anti-western feeling not far below the surface.

C. U.S. Commitments and Understandings.

See Annex of U.S. Commitments and Understandings.[9]

[Here follow the 65 Courses of Action established by the OCB for the implementation of NSC 5612/1, and an annex detailing the agreements reached between the United States and Thailand between 1922 and 1956.]

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ences in the SEATO region to achieve agreements regarding future U.S. aid programs. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council, 1956)

[8]Paragraph 23 of NSC 5612/1 called for a special sustained effort to educate a broader statum of pro-Western leaders throughout Southeast Asia. Paragraph 25 envisioned a program of informational, cultural, and educational activities designed to increase the alignment of the people of the area with the "free world" and to inform them of the dangers of communism. Paragraph 50 encouraged the development of Thai leadership which was stable, united, popular, and pro-Western. Paragraph 53 specified that the United States should promote the development of close bonds and cooperation between Thailand and Laos and Thailand and Cambodia.

[9]Not printed.

514. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, May 9, 1957—5 p.m.

3708. Embtel 3275.[2] Indeed disturbing for Department and Embassy suddenly learn about departure large Thai cultural troupe for Communist China. Embassy analyses have indicated Thai Government acquiescing or engaging in measures of marginal accommodation to Communist China (Embdes 485[3]) or preparing itself under certain circumstances for possible modus vivendi with Communist China (Embdes 634[4]). However, because size quality cultural troupe and concealed arrangements for departure this most provocative of series similar events during past year, and appears augment accumulating presumptive evidence Thai Government seeking increased flexibility in foreign policy. Critical question now arises if change actually being stepped up. If so, what US counter measures would be feasible and desirable? In view well known US position re Communist China and our frequent attempts keep Thai Government informed our policies (Deptels 3588,[5] 2311,[6] 1549,[7] 4038[8] and 3972[9]), Department also concerned at seemingly deliberate effort conceal from US possible Thai Government intention permit increasing Thai-Communist China contact.

Thai foreign policy should it evolve in this direction could counteract and undermine our efforts reverse neutralist trend some Thailand's neighbors particularly Laos. Would also be likely weaken our attempts strengthen SEATO. We wonder whether increasing cultural exchange between Thai and Chinese Communists conforms with declared aims SEATO and activities various SEATO bodies.

Department more than ever interested determining a) effect such developments as described reftel on Chinese minority, Chinese Em-

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[1]Source: Department of State, Central Files, 592.93/5–157. Secret; Priority. Drafted by Young and Bushner; initialed for Dulles by Robertson.

[2]In telegram 3275 from Bangkok, May 1, the Embassy reported that a large Thai cultural troupe had just departed for mainland China. (*Ibid.*)

[3]Despatch 485 from Bangkok, January 15, provided a general review of trends and developments in Thailand. (*Ibid.*, 792.00/1–1557)

[4]Despatch 634 from Bangkok, March 8, a review of U.S. bases and operating facilities in Thailand, contained the observation that "during the past year the Thai Government has engaged in certain moves designed to prepare itself for a possible modus vivendi with Communist China in the event that regime should be admitted to the United Nations or if it should appear to the Thai that the United States is relaxing its opposition to the communist regime." (*Ibid.*, 711.56392/3–857)

[5]Dated April 23, not printed. (*Ibid.*, 611.93/4–1957)

[6]Dated January 5, not printed. (*Ibid.*, 751J.00/1–257)

[7]Document 508.

[8]Document 501.

[9]Dated June 18, 1956, not printed. (Department of State, Central Files, 123–Max W. Bishop)

bassy, and Thai public; b) effect on Thai Government's ability implement SEATO policies and control domestic Communists and neutralists; and c) nature, extent and probable timing any further developments this kind which may be undertaken in future and which would point to more than "preliminary process" of change favorable to Chinese Communists or marginal accommodation with Chinese Communists.

We considering expressing concern Prime Minister and renewed approach Thai Ambassador (Deptel 3642[10]).

Would appreciate comment and analysis.[11]

Dulles

[10]Telegram 3642 to Bangkok, May 3, conveyed a summary of a conversation between the Thai Ambassador and Deputy Assistant Secretary Howard P. Jones on May 2. Jones expressed concern over increasing contacts between Thailand and the People's Republic of China, and over the prospect that former Prime Minister Pridi might be allowed to return to Thailand. (*Ibid.*, 611.93/5–357)

[11]See *infra*.

515. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, May 12, 1957—5 p.m.

3389. Reference Deptel 3708.[2] As indicated Embtel 3275,[3] Embassy shares Department concern over impetus recent contacts Communist China and agrees nature arrangements for departure cultural troupe most provocative of series similar events. Question, however, whether TG as such by this means seeking "increased flexibility in foreign policy". Since TG publicly committed recognition Communist China if that regime admitted UN, it would appear no greater flexibility toward ChiComs needed. These ChiCom contacts do bring Thailand more in line with other US allies (Japan, France, et cetera) who do not recognize ChiComs, and ease her sense isolation from Asian neighbors.

Embassy inclined view this development (despite its effect on local Chinese community indicated Embtel 3275) as motivated primarily by domestic political considerations and only secondarily by TG desire cast foreign policy anchor to windward. Evidence indicates

[1]Source: Department of State, Central Files, 592.93/5–1257. Secret. Repeated to Taipei and Hong Kong.

[2]*Supra*.

[3]See footnote 2, *supra*.

police Colonel Phut Buranasaphop, Chief Foreign Affairs Division, CID, more deeply involved in arrangements than previously known. Since Phut one of Phao's close subordinates, may reasonably assume he obtained prior consent if not instructions from Phao. This assumption reinforced by knowledge that nearly all Communist China contacts, both covert and public during past 2 years made under Phao regime.

Both Phao and Sarit in their jockeying for support diverse political elements Thailand have catered to growing leftist groups, particularly Bangkok and northeast. Sarit, however, has so far as Embassy aware, confined maneuvers to local scene while Phao has allowed himself become associated with gestures toward Pridi and ChiComs.

Pibul position more than ever depends on maintaining delicate balance between these two ambitious powers who think he cannot effectively inhibit either at this juncture, regardless personal feelings in matter. Sarit recently indicated concern to Embassy over Phao gestures toward ChiComs and sources indicate King deeply disturbed over Phao leftward maneuvers, contemplating bringing about return Pridi and possibly even threatening monarchy.

Developments described Embtel 3275 not sole factors in creating belief in Chinese community TG planning change in China Policy. Knowledge that ChiCom recognition will inevitably follow UN admission is fundamental. There is among local Chinese increasing awareness. ChiCom prestige has been rising throughout world. There is also belief that US, which has been sole opponent to Communist China with significant power in world affairs, is prepared acquiesce without veto to Communist China admission UN and does not hinder development ChiCom relations with our close allies, or contacts with Japan, et cetera. Moreover, facts that TG has not in past year obstructed leftist trend in press, that blatantly subversive ChiCom films now freely shown in Thailand, that many TG officials state publicly they see no reason why Thailand alone should deny herself share in blessings ChiCom trade, all tend inhibit any anti-ChiCom manifestation among local Chinese. We hope TG leaders can be induced understand threat their own security from subverted Chinese minority and from playing with ChiComs and left wing in pursuance domestic political ambitions. In spite our patient educational efforts only Pibul has consistently demonstrated that he understands nature and danger international Communism.

While Embassy agrees broad gauge discussion with Prime Minister and renewed approach Thai Ambassador Washington fully called for, doubtful whether long-range improvement can be effected at this time in view Prime Minister's present weak position and domestic political considerations cited above which affect TG stability. Such approach to Prime Minister would perhaps be more likely

produce desired results after departure Phao and Sarit (if they do proceed to US). Embassy also suggests Department consider approach to Phao and State–Defense approach to Sarit on our home ground.

Until factors causing present political turmoil are more clearly identified and personalities reveal more definite course of action they plan take, Embassy recommends US take no action beyond talks suggested above. We believe counter-action will be feasible in due course but not while situation in present fluid state.

Bishop

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516. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, May 24, 1957—1 p.m.

3503. Re Deptel 3775.[2] In hour and half meeting with Prime Minister May 23 reviewed in detail series of events in Thailand and concern held by USG officials re these events as expressed in reference telegram. Prime Minister at outset conversation said he had already had telegraphic report from Ambassador Sarasin. Went on to point out that I, of course, aware recent expressions determination Prime Minister and Foreign Minister continue without change present Thai foreign policy (texts forwarded airmail[3]). Said would reassure my government on this point, but emphasized my own concern at what I considered to be progressive deterioration of internal situation Thailand re Leftist and Communist subversion and infiltration. Laid before Prime Minister many examples increased Communist activity and audacity in attacking Thai Government, Thai leaders, Thai allies and Thai policies. Reviewed at length propaganda exploitation Thai cultural mission Communist China and summarized brief Embassy study acceleration Communist activities Bangkok following release many Leftist leaders under recent Buddhist amnesty.

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[1]Source: Department of State, Central Files, 592.93/5–2457. Secret.

[2]Telegram 3775 to Bangkok, May 17, contained a summary of a conversation between Assistant Secretary Robertson and Thai Ambassador Sarasin on May 16. Robertson expressed U.S. concern over the travel of Thai trade and cultural groups to China, the relaxation of the Thai embargo on trade with China, the showing of Chinese Communist propaganda films in Thailand, the increased campaign against SEATO by some Thai newspapers, and the possible return of Pridi to Thailand. The Embassy was instructed to approach Prime Minister Pibulsonggram along the same lines. (*Ibid.*, 592.93/5–1257)

[3]Not found in Department of State files.

Stated in conclusion now obvious Leftists would intensify subversive efforts and go as far as allowed.

Prime Minister heard me out with almost no interruption. At conclusion stated he agreed internal situation Thailand "very serious," said his government and party in unenviable position being strongly attacked by both right and left. Emphasized that some "royalists and princes" even went so far as boycott Buddhist celebration. Kukrit writing in *Siam Rath* urged people not participate. Because overwhelming popularity Buddhist celebration and unexpectedly large crowds royalists finally came and participated.

Added now some 20 opposition parties being formed, mostly on left. When Prime Minister discussing opposition, informed him had had lunch recently with Khuang Aphaiwong who I said supports Thai foreign policy. Prime Minister replied Khuang Aphaiwong now supports Thai foreign policy but opposes Prime Minister personally and government on every other issue. Expressed bitterness that Khuang Aphaiwong with his campaign of "irresponsible demagoguery" had provided shield and precedent behind which all current opposition parties made their attacks against government leaders and policies. Added many opposition leaders formerly professed loyalty present government but now clearly following Pridi and pro-Communist line. Indicated complete concurrence US estimate Pridi's leftist and pro-Communist sentiments. Said Madame Pridi allowed return Thailand on her statement coming only for purpose witness son's admission priesthood and visit ill mother. Despite her assurances Madame Pridi deeply engaged in politicing and Prime Minister has now asked General Phao to "get her out of country." He also emphasizing that Pridi himself despite protestations of desire stay out politics now deeply involved politicing Thailand. Mentioned Pridi telegraphic greetings to "Thai people."

Prime Minister said he had severely scolded both Foreign Minister and police reissuing passports people going places where they probably intended enter Communist China. Asserted none of these cases referred or reported to Prime Minister before departure. Prime Minister attempting prevent Thai now Communist China return by asking British refuse Hong Kong visa and U Nu refuse Burmese visa (Prime Minister understands British have agreed not allow British Consul Peking visa Thai passports return via Hong Kong).

Prime Minister re-emphasized internal political situation most difficult with "Generals Sarit and Phao fighting" and now "Sarit even attacking me." Seemed understand clearly that Communist and other opposition elements taking full advantage internal dissention ruling clique and attempting increase such differences. Prime Minister referred only once to Sarit attacks but several times emphasized determination "my government fight back." Pointed out that now

"we know where various political figures stand." Many formerly declaring themselves loyal government have revealed true colors and on side opposition or leftists. Stated "we must take effective action against Communist agitation and subversion."

With regard newspapers, particularly those owned or influenced by Cabinet Ministers, Prime Minister said unfortunately members government so busy no time watch newspaper operation and therefore, failed control newspapers under their influence. Said Sarit's *Sarn Seri* had been discussed by Cabinet on more than one occasion with Sarit asserting he had no control over *Sarn Seri.* Prime Minister said even his own paper had attacked Prime Minister and papers belonging General Phao had attacked government and Prime Minister. Indicated his feeling this sort of irresponsible reporting and writing must be stopped.

Comment

Prime Minister seemed at ease and not unduly disturbed. At same time failed give impression he has at hand clear decisive plan of action counteract present trends. Undoubtedly Sarit is causing his greatest worry at this time. He remains, as he has for some time, bitter that royalist would use throne and their protestations loyalty Thailand as protection attack present government. At same time they provide cover for leftists and Communists to do their subversive work and to carry out their infiltration and incitement. Believe Prime Minister doing all he can restore stability Thai politics but unable as yet predict with confidence outcome. Next crisis will probably arise June 24 opening National Assembly unless Sarit decides try power play before that which most doubtful.

Bishop

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517. Memorandum of a Conversation Between the Ambassador in Thailand (Bishop) and Prime Minister Pibulsonggram, Bangkok, June 1, 1957[1]

SUBJECT

American Activities in Thailand

After an exchange of the usual amenities and a brief discussion of the SEATO "Airlink" exercise held yesterday,[2] I told the Prime

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[1]Source: Department of State, Bangkok Embassy Files: Lot 67 F 117, 400 Military Aid to Thailand. Confidential.

[2]"Airlink" was a SEATO small force close air support exercise sponsored jointly by the United States and Thailand.

Minister that I had come to talk to him briefly and in general terms of some ideas which I had been turning over in the back of my mind with regard to American activities here in Thailand.

Pointing out that we could probably expect a rather large reduction in the budget for the coming Fiscal Year, I said that I wanted to do my best to maintain the American effort here in Thailand more or less at its present level while, at the same time, reducing to the absolute minimum the number of American personnel in Thailand. I pointed out that, with the exception of some jet aircraft which, of course, were highly expensive items, most of the military equipment for Thailand had already been delivered and in the relatively near future our efforts in the military aid field would be primarily training, supplying of replacement parts, ammunition and that sort of thing. The Prime Minister said that he fully agreed with the concept which I had outlined to him and that he hoped that the level of assistance could be kept at least as high as it is now. He added that the "opposition" had attacked him and his Government heavily on the ground that American officers and men stationed with individual units of the Thai Army were there for the purpose of dominating and controlling the Thai Army. (This argument is the one frequently used by Sarit and mention of it by the Prime Minister tends to confirm a report which we received from a most reliable source that Sarit has recently made the same arguments at a Cabinet meeting.) The Prime Minister went on to say that some of his people had recommended that the activities of the United States be concentrated at training schools or a training center rather than having American officers and men stationed with individual Thai units throughout the country. I made no comment on this suggestion but merely laughed at the ridiculousness of the charge that the United States was dominating the Thai armed forces.

Max W. Bishop[3]

[3]Printed from a copy that bears this typed signature.

518. Memorandum From the Director of the Office of Southeast Asian Affairs (Young) to the Assistant Secretary of State for Far Eastern Affairs (Robertson)[1]

Washington, June 6, 1957.

SUBJECT

Proposed US Action to Inhibit Alteration in Thailand's Foreign Affairs Position

During the past year and a half Thai leaders have permitted a number of events to take place which amount to marginal accommodation by Thailand to Communist China. However, barring unforeseen developments we do not anticipate that Thailand will basically change its foreign policy of membership in SEATO and association with the US. We are nevertheless concerned that the events which have been permitted tend to further Communist propaganda aims and promote Communist penetration and subversion, particularly among the large Chinese minority in Thailand. Furthermore, such events are likely eventually to affect public opinion and may lead Thailand's neighbors to believe that Thai support for SEATO is weakening. Such a belief, even though erroneous, would reduce SEATO's stabilizing effect in Southeast Asia, and militate against the accession of new members.

There are a number of possible reasons why Thai leaders have permitted such events to take place. The most important, in our opinion, is Thailand's desire to have an "anchor to windward" in case Communist China should achieve greater influence in Asia and the world. The firmness of the US stand regarding Communist China is an important factor in Thailand's judgment regarding Communist China's prospects. The Embassy has stated that "it is axiomatic that Thailand must attempt to be ahead of and not behind the US in any accommodation to Communist China." The Embassy has also stated that, "Although Thai apprehensions regarding Communist China continue to be the governing consideration in Thai foreign policy, Thailand was bound to make some adjustment to major international developments, particularly when these developments have included action by the US which could be interpreted, despite our protestations to the contrary, as forecasting a modification of US policy towards Communist China." The Embassy believes and SEA concurs, that one such US action is continued participation in the Geneva

[1]Source: Department of State, Central Files, 792.00/6–657. Secret. Drafted by Bushner and sent to Robertson through Jones.

talks (Embassy despatch 290, November 25, 1955; Embassy despatch 81, August 4, 1956; and Embassy despatch 407, December 7, 1956[2]).

Our approaches to the Thai regarding their contacts with the Chinese Communists have elicited statements of firm support for the free world, but little else. A complete cessation of these contacts indeed may or may not be possible, but we feel that the downhill drift can be slowed. We believe that in order to counter this trend new pronouncements, démarches, threats or verbal assurances would have only limited effect. More important are actions which would illustrate concretely and definitely to the Thai the firmness of our China policy. As indicated below, we believe there are several measures the US could and should take to reassure the Thai and other nations whose policy may depend to a considerable extent upon their estimate of the firmness of the US position vis-à-vis Communist China.

I therefore recommend that we:

1. End the Geneva talks which the Thai have regarded as an indication of softening US policy toward Communist China (in order to minimize Communist charges that the US is "causing increasing tension" it would, of course, be necessary to issue a carefully worded statement explaining that continued absence of progress renders further talks useless).

2. Avoid relaxation in the US policy of restricting the entry of Americans into Communist China.

3. If possible arrange a meeting between the Secretary and Prince Wan during a two week visit the latter is making to the US this month at which time the Secretary could elicit Prince Wan's views on Thai policy toward Communist China and re-emphasize the firmness of US policy toward the Chinese Communists.

4. Suggest to one or two Senators or Congressmen (such as Zablocki and Judd) that they visit Southeast Asia following adjournment of Congress, spending at least a week in Thailand, during which time they might convey to the Prime Minister and other Thai leaders the depth of US feeling regarding the Chinese Communists.

I realize that the Geneva talks and the policy restricting the entry of Americans into Communist China have regional, perhaps global, implications for the US which may necessitate our current actions in these fields. At the same time, we feel that their harmful effect on Thailand might advantageously be pointed out to the Secretary. If you approve these suggestions, SEA will coordinate With

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[2]Despatches 290 and 81 transmitted Embassy comments on indications that Thailand was weakening its anti-Communist stance. Despatch 407 reported on the prospects for Pridi Phanomyong's return to Thailand. These despatches are *ibid.*, 792.00.

CA and FE/P in preparing a memorandum from you to the Secretary after suitable consultation with our Embassy in Bangkok.[3]

[3]At the end of the text, Robertson disapproved recommendation 1 and wrote in the margin: "Secy thinks talks should continue." He approved recommendations 2, 3, and 4.

519. National Intelligence Estimate[1]

NIE 62–57 *Washington, June 18, 1957.*

PROBABLE DEVELOPMENTS IN THAILAND[2]

The Problem

To estimate the probable political developments in Thailand over the next year or two, with particular reference to its international orientation.[3]

Conclusions

1. We believe that Thailand has entered a period of increased political restlessness and uncertainty. During the next year or two the chances are about even that the leaders of the ruling 1947 coup group will maintain a working relationship. Although there is a good chance that any change in government leadership would be accom-

[1]Source: Department of State, INR–NIE Files. Secret. National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[2]According to a note on the cover sheet, "The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff." All members of the Intelligence Advisory Committee concurred in this estimate on June 18, except for the Atomic Energy Commission representative and the Assistant Director, Federal Bureau of Investigation, who abstained because the subject was outside of their jurisdiction.

[3]The internal political situation is discussed in Appendix A, the economic situation in Appendix B, and the military situation in Appendix C. [Footnote in the source text. The Appendixes are not printed.]

plished by negotiation, the possibility of violence cannot be excluded. The most likely outcome of a major change in leadership would be Sarit's ascendancy to dominant leadership. We do not believe that the nature of Thai Government or its domestic and foreign policies would change radically, at least in the short run, in the event of a shift in the top leadership. (Paras. 10, 12, 14–16)

2. Assuming continued high levels of US aid and firm indications of US intentions to defend Southeast Asia, during the period of this estimate Thailand will probably continue a generally anti-Communist foreign policy, including association with the US in collective defense measures. However, we believe Thailand's leaders will continue to modify their past policy of unequivocal alignment with the US and will probably seek to develop a more flexible foreign policy, particularly in respect to relations with Communist China. The Thai leaders will probably continue to tolerate unofficial contacts with Communist China and will probably enter into some official commercial and cultural contacts as well. However, we believe Thailand will not recognize the Peiping regime during the next year or so unless Communist China is admitted to the UN. (Paras. 23–24, 31–32)

3. In the event of a Communist attack on Laos, Cambodia, or South Vietnam, we believe the Thai government would participate in military countermeasures only if assured of prompt commitment of US forces to the defense of the area. If such Communist military aggression were not opposed by SEATO forces, in particular by US forces, the Thai government would almost certainly seek an accommodation with the Communist Bloc. If Communist control of one or more of these countries came about through subversion, Thailand would probably move toward a neutralist position and seek to balance its relations with the Communist Bloc and the West. (Para. 33)

[Here follows the "Discussion" section of NIE 62–57.]

520. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, July 3, 1957—4:54 p.m.

33. Joint State–Defense message. Your 3828[2] and 3845.[3] From Sarit's and Prapas's insistent follow-up of criticism expressed last August (Deptel 4146[4]) appears size JUSMAG and functions its field advisory personnel assuming significant political implications. Prime Minister's remarks on June 1 (final para Embdes 870[5]) may also tend confirm this.

In order preserve tenable position and ensure continued effectiveness Military Assistance Program we inclined think may be necessary accede in some degree Sarit's demands on above subjects which appear arise from influential military-political faction he heads. As suggested Embdes 241[6] may be necessary lower sights somewhat. However need not seriously impede achievement long range purposes Mutual Assistance Program. Appears some procedure such as that proposed in last para CINCPAC's 8482[7] would minimize disadvantages perhaps even improve receptivity Thai officers. Essential of course avoid sudden or large reduction JUSMAG personnel which Thai might erroneously interpret as US loss interest Thai security. Any reduction should be carefully limited and achieved by attrition rather than withdrawal.

Request Country Team views re above and comments on feasibility procedure proposed CINCPAC.[8]

Dulles

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[1]Source: Department of State, Central Files, 792.5–MSP/6–2857. Secret; Limit Distribution. Drafted by Bushner and cleared in substance with U/MSA and the Department of Defense. Initialed for Dulles by Jones. Repeated to CINCPAC.

[2]Dated June 27, not printed. (*Ibid.*, 792.5–MSP/6–2757)

[3]Dated June 28, not printed. (*Ibid.*, 792.5–MSP/6–2857)

[4]In telegram 4146 to Bangkok, June 28, the Embassy was authorized to discuss the issue of the JUSMAG mission in Thailand with Pibulsonggram and Sarit, and to point out the continuing threat of Communist aggression in the area, as well as the efforts made by the United States to reduce the financial burden of the mission upon the Thai economy. (*Ibid.*, 792.5–MSP/6–2557)

[5]Despatch 870 from Bangkok, June 10, summarized a conversation between Ambassador Bishop and Prime Minister Pibulsonggram on June 1. The topics discussed included private investment in Thailand, the nature of U.S. aid, and the effect of the projected cut in the U.S. budget upon the level of American activities in Thailand. (*Ibid.*, 792.5–MSP/6–1057)

[6]Despatch 241 from Bangkok, October 5, 1956, is a 74-page evaluation of U.S. programs in Thailand. (*Ibid.*, 120.201/10–556)

[7]Not found.

[8]In telegram 86 from Bangkok, July 10, Ambassador Bishop concluded that the decision with respect to the size and scope of the JUSMAG program should be made in negotiations between military experts, and then ratified by a government-to-government agreement. (Department of State, Central Files, 792.5–MSP/7–1057)

521. Memorandum From the Assistant Secretary of State for Far Eastern Affairs (Robertson) to the Secretary of State[1]

Washington, July 3, 1957.

SUBJECT

Political Situation in Thailand

Both domestic and foreign policy considerations in Thailand contribute to recent developments in that country favorable to the Chinese Communists and unfavorable to free world interests. The following material, which briefly explores these considerations, is submitted for your information.

Domestic Developments

As early as 1955 Prime Minister Phibun instituted a number of democratic reforms in Thailand. As part of this reform program, he submitted to public election for the first time by running in the February 1957 Parliamentary election, and required a number of his Cabinet Ministers to do likewise. He apparently hoped that an all-out political campaign, led by Police General Phao, would result in a landslide. Instead, there was a large vote for the conservative opposition and Phao found it necessary to rig the Bangkok election to give Phibun a substantial lead over his chief opponent and to ensure the election of most of the Cabinet Ministers running at Bangkok. This, as well as the Government Party's relatively poor showing in the country-wide elections, discredited Phao, and to some extent Phibun, in the eyes of their followers and the public.

To head off anticipated public demonstrations the Government declared an emergency, and appointed Field Marshal Sarit supreme commander for a number of days. As a result of his moderation and frank admission of election irregularities, he became highly popular. This, plus the military preeminence he derives from command of the Army, gave him a commanding lead in domestic politics. He is now courting leftist and neutralist support and seeking popularity by opposing policies which the U.S. favors. He may attempt to take power by Parliamentary means, but violence cannot be ruled out.

In an attempt to restore the relative balance between Sarit and Phao upon which Phibun's position and Thailand's stability depend, Phibun threw his support to Phao after the elections, preventing his complete eclipse. Phao has some parliamentary support and apparently hopes to gain more by courting leftists. To this end he has encouraged proposals for the return of ex-Premier Pridi from Commu-

[1]Source: Department of State, SEA Files: Lot 59 D 352, Political Affairs—Thailand July 1957–August 1957. Secret. Drafted by Bushner.

nist China and has apparently maintained covert liaison with Pridi. He has also sought other contacts in Communist China, probably largely for profit.

Phibun's position seems somewhat equivocal. He has tacitly permitted Phao to make contacts in Communist China and to encourage others to promote sentiment for Pridi's return. In addition, one of Phibun's chief confidants, believed to be pro-Communist, publishes a violently anti-U.S., pro-Chinese Communist newspaper. However, Phibun continues publicly to support close U.S.-Thai relations and to oppose closer relations with Communist China. We continue to believe that he is the most reliable and constructive of the triumvirate and hope that he can preserve the balance of power and retain his leadership.

Foreign Policy Position

While the political maneuverings described above have contributed to the pressures which have been developing within Thailand during the past year for a softer policy toward Communist China and greater independence from U.S. foreign policy, they are not the chief cause of these pressures. One of the basic reasons for development of these pressures is that the Thai, with a large Chinese minority, are concerned at the growing strength and prestige of nearby Communist China, and are doubtful of the firmness of U.N. policy toward China. As a result, Thai leaders have permitted or encouraged measures amounting to marginal accommodation to Communist China. An anti-U.S., anti-SEATO press campaign, for example, has been permitted to develop unhindered and without effective countermeasures. Furthermore, more than a year ago the Government began permitting Thai to travel to Communist China, and recently a labor delegation, a basketball team, and some 48 entertainers went to mainland China with appropriate Chinese Communist propaganda exploitation. Finally, beginning last year the Government permitted the showing of relatively innocuous Chinese Communist films under official auspices. Now, virulent Chinese Communist propaganda films are being distributed commercially.

Conclusion

Although we believe that Thailand will remain pro-free world at least for some years we are concerned regarding its marginal accommodation to Communist China, and wish to stop, or at the very least retard, this development. To this end, I have made our concern known several times to the Thai Ambassador here and Ambassador Bishop has also spoken to Phibun and other Government leaders. These oral approaches are not so effective as they might be because of several developments which have led the Thai to doubt the firm-

ness of our China policy, including the Geneva talks and indications of increasing U.S. interest in trade with the Chinese Communists. Our chances of slowing Thailand's movement toward a more neutralist position would be considerably improved if the Thai could be convinced that the United States is making no change in its total embargo on trade and its ban on travel to Communist China. To this effect we shall continue to take every opportunity to impress upon the Thai the constancy of our basic policy toward China as outlined in your splendid address at San Francisco last week.[2] As a next step, we are ascertaining that Congressmen are visiting Thailand this summer and will suggest that one or more of them meet with Phibun and other Thai officials to impress them with the overwhelming sentiment in Congress against Red China.

[2]For text of Dulles' address, June 28, see Department of State *Bulletin*, July 15, 1957, p. 91.

522. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, September 9, 1957—3 p.m.

678. Herter–Richards. Following is summary three conversations Herter–Richards visit:[2]

1. With Prime Minister September 6:

After usual amenities and routine conversation Prime Minister made point thanking Under Secretary for American aid and support. Secretary then remarked he and Ambassador Richards would appreciate hearing Prime Minister's views situation in SEA. Prime Minister in reply launched rather lengthy discussion difficulties which his government and Thailand face because of attitudes of some western nations, particularly UK and France, towards Communist China and toward neutralism, SEA. Described at length political pressure put upon him and his government by opposition political elements Thailand and by leftist press taking advantage fact that attitude many

[1]Source: Department of State, Central Files, 110.12–HE/9–957. Limited Official Use. Repeated to Taipei.

[2]Under Secretary of State Herter and Ambassador James P. Richards visited several Asian countries during a trip undertaken primarily to attend the independence ceremonies in Malaya on August 31. In addition to Malaya and Thailand, Herter and Richards visited the Philippines, Vietnam, Burma, Hong Kong, the Republic of China, Korea, and Japan from August 23 to September 22. Documentation on the Herter–Richards trip, is *ibid.*, 110.12–HE.

powers, particularly UK, more lenient and tolerant than attitude of TG. Under Secretary did not comment at any length on British and French policies but did emphasize steadfast position and attitude US towards Communism and towards Communist China. Ambassador Richards mentioned Secretary Dulles' recent speech in California[3] and pointed out this strong reaffirmation US policy and opposition Communist China.

Prime Minister went to considerable pains point out emphatically his own government "contrary to some of rumors which have been spread" intends also remain steadfast in opposition to Communism and in support of free world. Prime Minister said Thailand would never recognize Communist China until after regime had been admitted to UN membership, if ever. Said his government would also remain firm in support of SEATO and free world and friendship and cooperation with US. Under Secretary indicated his appreciation of Prime Minister's stated position.

In response Under Secretary's questions, Prime Minister said situation in Laos very unstable and confused; that he has greatest sympathy for any Lao Prime Minister who must handle situation including Parliament of about 30 members made up of five or six separate political parties, each led by former or would-be Prime Minister.

Re Cambodia, Prime Minister said Thailand has done all it could promote good relations but that because there only one party in Cambodia and it has only one leader, Prince Sihanouk, who unpredictable, flighty, emotional and often absent, it practically impossible develop such good relations. Pointed out Thailand has offered Cambodia mediation for any border disputes as well as rights, privileges of in-transit agreement (similar to that between Laos and Thailand) and that Thailand has made every effort stabilize its relations with Cambodia.

Some remarks exchanged re improved conditions in Vietnam and excellent job President Diem has done there. Several references made to recent successful visit Diem to Bangkok.[4]

Under Secretary presented gifts to Prime Minister and Madame Pibulsonggram and conversation terminated.

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3. With Acting Foreign Minister, September 6:

Conversation limited entirely to routine amenities and social remarks except for statement which Acting Foreign Minister handed Under Secretary saying:

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[3]See footnote 2, *supra*.

[4]Vietnamese President Diem visited Thailand in mid-August.

"It is good to remind ourselves from time to time of our (common) ideals . . .[5] we stand for peace. We stand for freedom. We stand for justice. And we defend these things for which we stand with all our strength.

To achieve this aim we cannot stand alone. We stand firmly with America and other friends who share same ideals . . . ."

Herter–Richards visit in every sense an unqualified success.

Bishop

[5]This and following ellipsis are in the source text.

523. Editorial Note

On September 16, a Thai military group, led by Field Marshal Sarit Thanarat, executed a successful coup d'état and overthrew the government of Prime Minister Pibulsonggram. The coup had been presaged by the resignations of Sarit and 46 of his followers from the ruling Seri Manangkhasila Party, and it was executed without opposition or bloodshed. Prime Minister Pibulsonggram fled into exile in Cambodia, while Police Director General Phao Sriyanon surrendered to the armed forces and was allowed to leave by plane for Europe. The King proclaimed a state of emergency as the coup developed and appointed Sarit Military Governor of Bangkok. On September 18, a Royal Decree was issued dissolving the National Assembly and providing for new elections within 90 days. The official reaction of the United States to the coup, as outlined in a press release issued in Washington on September 17, was that the transfer of authority in Thailand was an internal political development which was not expected to alter United States-Thai cooperation. A detailed assessment of the background and development of the coup, based upon a wide range of information available to the Embassy, is in despatch 416 from Bangkok, December 3. (Department of State, Central Files, 792.00/12–357)

524. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, September 20, 1957—2 p.m.

861. In accordance request made by Marshal Sarit in capacity Military Governor Bangkok on Tuesday, I called on him at 11 today.

Sarit opened discussion by expressing hope I understood situation. He felt regretful at necessity taking action. He had personal respect for Phibun and was doing everything possible persuade him return to Thailand.

After noting I was returning to US on consultation, assured me Thailand would "strictly observe old foreign policy and adherence to UN and SEATO" and cautioned about listening to newspapers speculation.

He informed me King would shortly make choice of Prime Minister (his aides stated Parliament would act tomorrow) and wished me to know he would be person of high caliber, having respect of country. Added choice would be pleasing to US and to me personally.

I replied US policy based on interests, and attitudes world problems and not on personality of individual, which was entirely internal matter.

Sarit said he understood US position thoroughly, as did His Majesty. They desired closest cooperation with US and had the same principles. "Outsiders" tried to make noise and newspapers and [garble] ground speakers had tried to persuade him to take middle way, but he would not.

I welcomed this assurance and added I had long felt great danger was Communist subversion and infiltration. I was sure he did also and would take counter measures.

Sarit agreed Communist capability for subversion and infiltration was danger but complained he and his people had not been kept informed in previous situation. . . .

. . . . . .

Sarit warmly welcomed my intention to call on His Majesty to take leave before departure.[2] At conclusion, we mutually expressed

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[1]Source: Department of State, Central Files, 792.00/9–2057. Confidential; Niact. Repeated to Saigon, Phnom Penh, Vientiane, Rangoon, Kuala Lumpur, Chiengmai, CINCPAC, and POLAD CINCPAC.

[2]Bishop reported in telegram 876 from Bangkok, September 20, that the King later added his assurances that Thailand would continue a pro-Western foreign policy, and would adhere to the United Nations and SEATO. (*Ibid.*)

belief exchange of views had been useful and Sarit specifically welcomed my statement I would be glad to convey his assurances to Washington during my visit.

Bishop

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525. Memorandum of Discussion at the 337th Meeting of the National Security Council, Washington, September 23, 1957[1]

[Here follow a paragraph listing the participants at the meeting and items 1–3.]

4. Significant World Developments Affecting U.S. Security

. . . . . .

The King and Sarit have now installed as Prime Minister in the new government the former Thai Ambassador to the United States and the former Secretary of the SEATO organization.[2] Sarasin, the new Premier, was perhaps not a very strong figure, but he was a good man and very pro-Western in his sympathies. Meanwhile, categorical assurances had been given to Ambassador Bishop by the new government on their devotion to the tie with the West. The new government insisted that it was even more strongly anti-Communist than its predecessor. Despite all these assurances, continued Mr. Dulles, there is still much in the situation in Thailand which will bear careful watching. . . .

Mr. Larson inquired whether there had been any thought of inviting the King of Siam to visit the United States. Mr. Allen Dulles replied that he had heard of nothing along this line, although it might be possible to invite the King after new elections have been held in Siam.

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[1]Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Gleason on September 24.

[2]On September 23, Pote Sarasin was appointed Prime Minister of the provisional government of Thailand. The provisional government was a caretaker government established to manage the affairs of Thailand until the December elections called for by the Royal decree of September 18.

The Vice President inquired as to the status of our military assistance to Thailand and our military personnel in Thailand. What were we giving the Thai armed forces, and what connections had been forged between our military personnel in Thailand and the local military leaders, and particularly Sarit? Could not these military leaders be helpful to us in the present situation. Mr. Allen Dulles replied that such relations had been cordial right along. Assistant Secretary of State Robertson said he wished to point out that Sarit was suffering from cirrhosis of the liver, and probably had no more than six months to two years of life ahead of him.

. . . . . .

Secretary Robertson noted that Sarit's newspaper in Bangkok was by all odds the most anti-American in the city. On the other hand, Sarit has been at the very greatest pains to reassure us regarding his intentions, and has certainly appointed a very strong pro-Western Prime Minister in the person of Sarasin.

[Here follows item 5.]

S. Everett Gleason

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526. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, September 28, 1957—6:43 p.m.

852. Deptel 805.[2] Re para 5 reftel[3] request your recommendations on basis consultation appropriate members Country Team re following:

1. Extent to which we may be able to use various aspects aid program for leverage in evolving political situation and desirability

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[1]Source: Department of State, Central Files, 792.00/9–2357. Secret; Priority; Limit Distribution. Drafted by Young and Bushner and initialed for Dulles by Jones.

[2]In telegram 805 to Bangkok, September 24, the Department outlined the U.S. attitude toward the coup and U.S. policy toward the new government. (*Ibid.*)

[3]Paragraph 5 of telegram 805 to Bangkok reads:

"In order maintain flexibility of approach envisioned above, realize we cannot now establish firm policies re aid programs. Unless it is ascertained that political and economic factors which dictated existing programs no longer exist, we expect continue operate on basis existing plans and objectives, but without making any commitments to Thai leaders. Since aid allocations not yet finally made, we will communicate later this matter and related questions."

preparing for this eventuality by putting aid programs on ad hoc basis to extent feasible. This connection should we:

a. Hold up temporarily implementation any specific economic projects already under way or proposed.

b. Hold up implementation non-project component FY 58 DS aid program by delaying issuance further PA's.

c. Postpone construction or hold back deliveries consumables under military assistance program.

d. Postpone delivery any particular military hardware items especially desired by Thai armed forces.

2. As you aware DS aid level will be substantially lower than FY 57 because establishment Development Loan Fund and Congressional reduction aid appropriations. Will it do least harm inform Thai Government re DS level before or after election? To do so before would appear involve some danger prejudicing provisional government's position as well as strengthening influence neutralist arguments on Sarit and associates and possibly influencing them line up with leftists or neutralists during election. Post election notification could have adverse effect accentuating pro-neutralist trend of government inclined toward neutralism or undermining government favorable US and free world. Adverse effect post-election notification likely be increased by failure inform Thai at roughly same time as other countries receive notice of aid levels probably within next two weeks.

3. Timing notification Thai Government TC aid level.

4. Should we attempt ascertain if provisional government stands behind consolidated loan agreement proposal or await formation new government after elections.

Dulles

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527. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, October 1, 1957—3 p.m.

995. During call on Prime Minister September 30 made known informally continued serious concern with which I view provocative and irresponsible press campaign against SEATO and US.

I reviewed for him my talks this subject with Deputy Foreign Minister September 28, 1956 and Prince Wan May 13 this year

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[1]Source: Department of State, Central Files, 792.00/10–15. Confidential. Repeated to Phnom Penh, Saigon, Kuala Lumpur, Rangoon, Vientiane, Chiengmai, CINCPAC, and POLAD CINCPAC.

(Embtels 881[2] and 3395[3]). Called attention especially to my earlier statement Foreign Minister impossible placate or mollify these subversive elements who undoubtedly present and responsible in large part for press campaign. Problem is really one eradicate subversion. Pointed out until September 16 coup there was explanation that campaign was tool in opposition attack on Phao and Pibul. I emphasized, however, that continued attacks after coup could in no sense be explained same basis. . . .

Prime Minister replied stating he fully aware and equally concerned over campaign, noting that he, personally, now under attack. He said wanted take action, but to arrest or close down offending journalists and papers would only cause entire remaining press to unite in defense colleagues. In particular case *Sarnseri* he said Sarit had "sworn to me" that he had no control over paper. He repeatedly asked my cooperation in furnishing "evidence" that would enable Thai Government take effective legal action. Finally he took refuge in old complaint that Thai, like US, press was free and there was little government could do when it disagreed with press line. This connection, he mentioned current *Time* and *Newsweek* articles that there were many other ways open to Thai Government of discouraging attacks.

Took occasion point out English-language Bangkok paper had carried article September 29 to effect Cabinet had met to examine US aid for any attached "strings." Congressman Passman, then in Bangkok, saw article and immediately inquired as to text military and ICA agreements. Prime Minister made pleas for unemotional approach to problem, as otherwise we would only play into communist hands. To this I agreed and emphasized leftist desire drive wedge between US and Thailand.

Throughout conversation I had clear impression Prime Minister under some stress in attempting give picture he normal head of government but knowing that another (Sarit) held real power. I believe his intentions are of best in this matter, but progress will depend on extent to which he can convince Sarit of danger of allowing newspapers and some government officials to continue unwarranted attacks on US, SEATO and constituted Thai Government.

Bishop

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[2]Dated September 28, 1956, not printed. (*Ibid.*, 792.00/9–2856)

[3]Dated May 15, not printed. (*Ibid.*, 711.5492/5–1557)

528. Telegram From the Embassy in Thailand to the Department of State[1]

Bangkok, October 5, 1957—10 a.m.

1056. Reference: Deptel 852.[2] After consultation with interested members of country team, offer following comments re numbered paragraph reftel:

Re paragraph 1: As provisional government has given all assurances that could be reasonably expected re continued alignment with SEATO, recognized all international obligations, and issued a fairly satisfactory foreign policy statement, there appears little current justification use aid programs as leverage obtain objectives with present provisional government. On other hand, feel strongly that US assistance can provide important leverage if needed in relations with TG after December elections or if some unforeseen event should make it desirable earlier.

Thus for present consider we should proceed with aid programs on basis good faith discharging our prior commitment in a normal manner under normal procedures. At same time we should give ourselves all possible freedom of action by making no new commitments and taking no actions that we could temporarily hold up without violating conspicuously good faith and normal rate implementation.

During interim period consider we must follow extremely narrow path imposed by need continue aid operation on unchanged daily basis while increasing to the maximum our possible leverage in event future need. We will lose no opportunity impress on Thais that while basic friendship US for Thailand unchanged by recent events and our planning of aid programs so far not affected, we are nevertheless observing with keen interest developments and actions of TG. Believe at this juncture this attitude more effective than any overt act which could be resented as undue political pressure re internal Thai affairs and consequently could be used against us effectively by unfriendly elements.

Aid to Thailand clearly based more on political than economic or military factors. Thus if political instability continues for substantial period or new government after elections unfriendly or neutralist, reappraisal policy basis assistance will become a necessity and we shall probably want to be in position to exert maximum pressure should our interests dictate such action.

Re paragraph 1–a, coup group attitude re economic aid undetermined but feel they and new government formed after elections very likely desire outside contribution Thai economic resources. Thus in

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[1]Source: Department of State, Central Files, 792.00/10–557. Secret.
[2]Document 526.

order maintain normal program activities but maintain bargaining position, projects covered by signed PROAG's should be continued for present but projects in planning stage should be held up to extent feasible.

Re 1–b, as $4.7 million PA's already issued against FY 1958 non-project assistance we should withhold further PA's for possible future leverage.

Re 1–c, work on military construction contracts underway should proceed normally. However, to gain leverage no new contracts should be awarded for present except in cases overriding military necessity. Military consumables should be delivered normally except any which could conveniently be held up without showing bad faith or conspicuously slowing down normal operations.

Re 1–d, most military hardware under existing programs already delivered. Chief JUSMAG under impression that coup group feels they already possess their chief requirements in way military equipment and thus unlikely respond pressure possible reduced deliveries (incidentally fact coup group used US military aid equipment upset government thus creating present instability is not reassuring). There thus appears no reason postpone delivery any particular military hardware. JUSMAG states there are no items especially desired by Thai armed forces. However, this aspect should be kept under constant review.

Re paragraph 2, believe notification TG re FY 1958 DS level should be timed normally to coincide announcement to other governments. Should be made informally at USOM/TTEC level in routine manner and without publicity; should be emphasized that it is only "planning figure" and not a commitment. Any later signatures PROAG should be considered on ad hoc basis in light developments. This should not create much of problem, as appears only PROAG requiring urgent attention will be NE highway which consider must complete in any event. Reduced DS level will not come as any surprise to TG as have already informed King and PM re likely consequences congressional cuts.

Re paragraph 3, TC aid level should be announced in same manner as DS level, and, if appropriate, at same time.

Re paragraph 4 we are asking Foreign Office by note advise re TG plans ratify loan agreements. Have already made informal inquiry at Ministry Finance.

Will shortly present note to Foreign Office requesting TG action to step-up publicizing US military and economic aid as provided in aid agreements (Embtel 3815[3]).

Bishop

[3]In telegram 3815 from Bangkok, June 26, the Embassy reviewed local criticism of U.S. economic and military programs in Thailand, and urged that a particular effort be made to blunt Thai criticism of the JUSMAG program. (Department of State, Central Files, 792.5–MSP/6–2657)

529. Telegram From the Department of State to the Embassy in Thailand[1]

Washington, October 22, 1957—2:28 p.m.

1074. Your 1026,[2] 1056,[3] 1117,[4] 1118.[5]

1. Examination Embassy telegrams and other reports from Bangkok leads Department believe there are two difficult interrelated problems involving political actions by us during and immediately after elections: (a) how encourage suitable political forces join in viable combination satisfactory US objectives Thailand and Southeast Asia and (b) how induce them take measures enhance SEATO and counter Communist subversion and neutralist pressures. Two problems should be handled simultaneously.

2. We regard problem (a) primary importance at this stage. Re specific moves, we recognize present confused situation is not yet sufficiently crystallized ascertain exactly what would be potentially effective political base which would be in US interests discreetly promote during and after elections. Indications still lacking where military coup group is throwing support and which party if any gaining ascendancy. Nevertheless we would hope some sort favorable interim

[1]Source: Department of State, Central Files, 792.99/10–1157. Secret; Priority. Drafted by Young and initialed for Dulles by Robertson. Repeated to CINCPAC for POLAD.

[2]In telegram 1026 from Bangkok, October 3, the Embassy offered a preliminary assessment of the situation in Thailand in the wake of the coup. (*Ibid.*, 792.00/10–357)

[3]*Supra.*

[4]Telegram 1117 from Bangkok, October 11, contained a report of a conversation between Ambassador Bishop and Prime Minister Sarasin on October 9. Sarasin speculated on the outcome of the impending elections and indicated that he intended to withdraw from an active political role in Thailand as quickly as possible. (Department of State, Central Files, 611.92/10–1157)

[5]In telegram 1118 from Bangkok, October 11, the Embassy recommended that the United States use its aid program to encourage Thailand to resist Communist subversion. (*Ibid.*, 792.00/10–1157)

arrangements might be worked out, which we could encourage, among King and advisers, military coup group, provisional government and moderate civilian politicians in order facilitate our objectives. King, Khuang,[6] Sarit, possibly Praphat, Thanom and Sukhit[7] currently seem chief sources political influence approachable by US in varying degrees directly or indirectly. While Sarasin not now power source, he is important asset our standpoint and should his continuance as Premier after elections appear serve US interests we would then appreciate your comments.

3. For meeting problem (a) Department concurs paragraphs 1 and 3, part 2, Embtel 1026[8] as immediate constructive steps. Beyond that Department suggests Embassy and elements other Agencies you consider appropriate try bring to bear whatever capabilities US has in Thailand help create most satisfactory possible grouping of political forces. Department fully endorses your efforts continue develop informal friendly contact with above political figures and their associates receptive US approaches who likely be influenced during and after elections. As one means for encouraging favorable grouping, you are authorized in your discretion remind these political elements they should realize Congressional support American aid Thailand cannot be taken for granted if power grouping emerges antagonistic Free World objectives or blind Communist dangers. We can only work with suitable groups for mutually agreed objectives. (Some aspects problem (a) handled separate channel.)

4. Re anti-subversion program, we concur paragraphs A to C your 1118 and 2 and 4 your 1026.[9] Gratified your efforts already having effect (Embtel 1181[10]). Agree development special USIS program aimed at such groups as second category assemblymen. We

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[6]Kuang Aphaiwong, leader of the Democratic Party.

[7]Sukit Nimmanhemin, leader of the Unionist Party.

[8]Paragraph 1, part 2, of telegram 1026 from Bangkok proposed that the United States should "continue give support Provisional Government unless some unforeseen and unfavorable event dictates otherwise." Paragraph 3 stipulated that the Embassy should lay before the provisional government, the military coup group, and the King "in firm but friendly manner US desiderata for continuance and improvement Thai-US cooperation and good relations."

[9]In paragraph A of telegram 1118 from Bangkok, the Embassy suggested that in all contacts with the Thai leadership, Embassy personnel should strive to focus attention on the problem of subversive activities in Thailand. Paragraph C called for the establishment of a special information program by USIS to highlight the dangers of international communism. Paragraph 2 of telegram 1026 proposed that the Embassy should "continue emphasize to Provisional Government, military coup group and King need to eliminate communist subversion and inflation." Paragraph 4 of that telegram added that the United States should "convince these elements that Thailand needs US far more than US needs Thailand."

[10]In telegram 1181 from Bangkok, October 16, Ambassador Bishop reported that Prime Minister Sarasin was taking action to curb the editorial policies of the *Sarn Seri* and *Thai Raiwan* newspapers. (Department of State, Central Files, 992.61/10–1657)

suggest program should be directed, in addition to Communist threat, toward positive objectives outlined in country plan especially relating US military and economic assistance and mutual security arrangements such as SEATO. Department is pouching you certain materials (such as ChiCom penetration Cambodia and rectification campaign) which we believe will help you with your tactical targets. See also A–97 and A–67.[11] We leave to your discretion manner and channels for persuading Thai officials and important Thai individuals themselves see subversion against their own interests and take steps counter internal dangers facing Thailand from international Communism and particularly ChiComs. We hope materials will speak for themselves and key Thai leaders will spread program via multiplying Thai sources in order minimize American hand.

5. Continued feasibility our primary objective maintain Thailand as hub US security efforts Southeast Asia will depend on results application our available resources to both problems, as suggested para. 6 Deptel 805,[12] within limits our capabilities. Unless some viable satisfactory political alignment can be constructed and subversive malignancy removed, will face increasingly grave situation in Thailand with inevitable adverse consequences throughout Southeast Asia. Therefore Department feels every feasible measure should be taken meet these two basic problems in Thailand and wishes do everything possible facilitate your efforts at this critical juncture. It should be possible with our resources and capabilities achieve some results in both regards. Unless major developments or important cumulative succession minor events take place, Department will continue for time being give Thailand important place in our scheme things for Southeast Asia. We will keep under review Thai developments and general situation in Far East affecting Thai picture.

6. Concerning future consideration possible deterioration internal situation, desire any additional comments key point para. 5, section 2, your 1026[13] you wish to make now. Would also appreciate your specific recommendations re paragraphs 6 and 7 Embtel 1026[14] for

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[11]Instructions A–67 and A–97 to Bangkok, September 17 and October 10, respectively, provided the Embassy with lists of research materials relating to communism in Asia. (*Ibid.*, 790.5/8–1457)

[12]See footnote 2, Document 526. Paragraph 6 of telegram 805 called for the establishment of a program to "mobilize all available resources to help head off adverse trends and put together constructive elements in order integrate and stabilize Thai situation favorable U.S. interests."

[13]Paragraph 5 of telegram 1026 reads: "Determine whether or not we have been and remain overly optimistic in military and political position and assignment given Thailand in our scheme things for this part of world."

[14]In paragraph 6 the Embassy suggested that the United States should frame policies to prevent a swing to neutralism on the part of Thailand, and added, in paragraph 7, that it was necessary to decide on proper courses of action in the event that an unfriendly or uncooperative government came to power in the impending elections.

drafting contingency plan which might be made annex to current outline plan of operations if circumstances so require. Following elections we intend review NSC policies and OPO regarding Thailand.

Dulles

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530. Memorandum From the Officer in Charge of Economic Affairs, Office of Southeast Asian Affairs (Whittington), to the Deputy Assistant Secretary of State for Far Eastern Economic Affairs (Palmer)[1]

Washington, October 22, 1957.

SUBJECT

Aid Policy Toward Thailand

Bangkok's 1056, October 5[2] (Tab B) recommends placing future aid commitments to Thailand on an ad hoc basis pending determination of the political direction of the new government which will emerge after the elections in December, 1957. We concur in the desirability of this approach on policy grounds.

We have discussed with the working level in ICA the specific steps proposed by the Embassy to implement this approach, and found agreement that they appear to be operationally and technically feasible for the next two or three months. Specifically:

1. Project agreements (PROAG's) for FY 58 will represent almost completely the furnishing of additional funds for projects already under way. Except as indicated below, information (to the extent available in Washington) indicates sufficient funds are available from prior years' funds to continue DS projects without interruption for at least two or three months, and thus defer signing new PROAG's:

a. As stated in Bangkok's 1056, additional funds are needed urgently for the Northeast Highway and should not be held up for political reasons.

b. Delay in making available FY 58 funds may mean holding up the initiation of construction on the north end of the Bangkok–Suraburi Highway, but engineering can proceed with presently available funding. We would not consider it undesirable to have the start of construction delayed pending clarification of the political situation.

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[1]Source: Department of State, Central Files, 792.00/10–557. Secret. Drafted by Mendenhall and Bushner and sent through Young.

[2]Not found attached to the source text; printed as Document 528.

c. Some FY 58 funds might be needed for the police program within a short time, especially if it is determined that the border patrol is running short of ammunition.

2. As stated in Bangkok's 1056, $4.7 million out of FY 58 non-project aid totalling about $16 million has already been made available to Thailand through the issuance of PA's. It appears that further PA's can be held up temporarily without reducing local currency availabilities below working level requirements.

3. From Embtel 1056 comments on military aid program it appears that the possibility of using this program for political leverage is limited but that the Embassy and JUSMAG may make further proposals on the subject. On this basis Defense concurred in the draft outgoing telegram.

Recommendation:

That you sign the attached cable[3] (Tab A) to Bangkok.

[3]Not found attached to the source text; sent to Bangkok as telegram 1102, October 24, a joint State–ICA–Defense message, which reads: "Concur aid program approach proposed your 1056." (Department of State, Central Files, 792.00/10–557)

531. Letter From the Ambassador in Thailand (Bishop) to the Under Secretary of State (Herter)[1]

Bangkok, December 13, 1957.

DEAR MR. SECRETARY: I am transmitting herewith a coordinated evaluation by appropriate members of the Country Team of progress under the Overseas Internal Security Program (1290–d) during the period 1 December 1956 to the present.[2] . . . Appropriate members of the Country Team also concur in this letter.

You will note that in IID 5, we have given especial attention to the capacity of the Thai Armed Forces to meet a possible threat posed by Communist-sponsored paramilitary activity supported from abroad. In view of technological advances which must inevitably give rise to revisions to military strategy, I have some question whether the Thai Armed Forces could make a sufficient contribution to the Free World military effort in time of war to justify on a military basis our expenditures in this field. I realize, of course, that for prestige and political reasons we must expect the Thai Armed Forces to

[1]Source: Department of State, Central Files, 792.5–MSP/12–1257. Secret.

[2]The attached Status Report on the implementation of NSC Action No. 1290–d/ Thailand is not printed.

demand and probably to be given the trappings of modern war. However, it appears to me now more likely that any military operations in Thailand would be of a guerrilla-type rather than of mass armed invasion. This is based on an assumption that if the treaty provisions of SEATO were called into effect a United States and major allied military effort would be directed towards the sources of invasion of the treaty area rather than toward meeting that invasion solely inside the treaty area. At the same time, it is recognized that, again for prestige and political purposes, we will probably be required to give the Thai Armed Forces sufficient arms and training to enable them to make a contribution to collective security operations outside of Thailand.

At the same time, however, it appears probable that if the Thai Armed Forces are called upon to protect their country it will be in connection with a revived effort by the Communists to employ guerrilla-type insurrectionary movements against the governments of Southeast Asia which have withstood the "soft"-line tactics of the Communists. In this connection, I fear that we may be overestimating the ability of the Thai Army to deal with military actions of the type which the Communists successfully launched in northern Vietnam, Laos, Burma and Malaya. In addition to the fact that the marksmanship of the majority of men in the Royal Thai Army is dubious, the Royal Thai Army receives at most a month per year of some type of jungle training, has only one battalion of airborne troops, and has little mobility, especially in the rainy season. It is, therefore, unequipped for the type of highly mobile tactics which have been shown to be essential by experience with Communist irregulars elsewhere. More important still, JUSMAG has pointed out (in its Country Statement as of 30 June 1957) that, "The greatest weakness in the Thai Armed Forces is the lack of effective leadership . . . .[3] Many of the officers holding key command and staff positions have been selected on the basis of personal loyalty and political reliability rather than by professional competence." It might also be mentioned that most of the high-ranking Thai Army officers are deeply involved in business, in some cases in association with persons of very doubtful loyalty, and that they seldom leave Bangkok because of their preoccupation with business and politics. It is hard for me to see how, with such leadership, the Thai Army is to be forged into an instrument capable of dealing effectively with a Chinese Communist-supported insurrectionary or guerrilla movement.

With the above thoughts in mind, I am asking General Partridge, the Chief of JUSMAG, to inaugurate a study of the best way preparation can be made through the JUSMAG program to meet this

[3]Ellipsis in the source text.

threat. In due course we shall, if found desirable, submit recommendations to Washington. It is obvious that there is some justification for the Military Aid Program on its present scale for some time, because of existing commitments, because the prestige of both the United States and Thailand is involved, and because this program is important in maintaining strong ties with the present predominantly military leadership of this country. However, these are not strictly military justifications and it would be my hope that, in line with the concept of the NSC 1290–d Program we might be able to save some heavy expenditures and also, if found desirable, to reorient the Thai Armed Forces in the direction of fitting them primarily to meet a threat from guerrilla action rather than that posed by a war involving regular military in large numbers.

Sincerely yours,

Max W. Bishop

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532. Editorial Note

The results of the elections held in Thailand on December 15 were not decisive. The final election returns were tabulated on December 27 and the vote was broadly distributed among a wide range of political parties. The moderate Unionist Party won 45 seats in Parliament and joined with the Army-supported National Socialist Party to form a government under former Defense Minister Thanom Kittikachorn.

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